

CONFESSIONS T T T
of a CONFIDENCE MAN

EDWARD H. SMITH

E.O. Heinrich

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**CONFESSIONS
OF A CONFIDENCE MAN**

CONFESSIONS OF A CONFIDENCE MAN

A HANDBOOK FOR SUCKERS

BY

EDWARD H. SMITH

*All that you meet are thieves: to Athens go
Break open shops; nothing can you steal,
But thieves do lose it.*

—TIMON OF ATHENS

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PREFACE

A BOOK should have a purpose. The moralists demand it and we accept. It may, however, be cautious to observe that the only discernible design of the average volume is to take some trifles of cash from the pocket of the reader. In this detail the authors of the present writing lay claim to originality. These confessions are intended, primarily and finally, to keep the money of their audience at home, safe from the lures and trammels of outrageous temptors. In how far they may succeed in this high and laudable ambition depends upon him who reads, for good counsel is lost upon vacancy.

It is one of the commonplaces to observe that several billion dollars are lost by our public every year because that public loves to chase the fen-fire of quick and easy money and persists in this ancient pursuit in spite of every protestation. What is not so well understood is the fact that a large and growing class of men makes its fortunes by preying upon this fatuous hope of riches in the poor, the simple and the ill-advised, and that what many a man regards as error, misinvestment or unhappy speculation is, in fact, no more than downright robbery by cunning instead of by violence. From this type of crime no man and no class is immune, and this is the main point made by the present confessor. The rural banker is as prone to the wiles of the confidence man as the

veracious and authentic rustic, and the man of education and position is today more likely to be gulled than the obscure simpleton. Indeed, it is the man who feels himself most secure that stands in the greatest danger. Accordingly, most men may read some profit out of what is set down here. That, at least, is the intention of the retired and chastened *chevalier d'industrie* who sponsors it.

There is, to be sure, a class whose members could never, by any chance, be deceived by such devices as are here set forth; a kind of person far too clever, astute, far-sighted and aloof. To this group you and I unquestionably belong. If we read at all it must be for entertainment, not for profit or information, since we know whatever is knowledge. Paraphrasing what Mark Twain is reported to have said of Kipling, we know whatever is to be known—you know it all and I know the rest. We are in need of no teaching, and "Confessions of a Confidence Man," can serve us as no more than a reminder of the fallacies of the man next door. It is to him, of course, that the serious undertone of the book is addressed.

EDWARD H. SMITH.

November, 1922.

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CONFESSIONS OF A CONFIDENCE MAN

CHAPTER I.

THE AGE OF CON.

IN the placid spring of 1910 a young man, W. C. Crosby, found himself poor and determined to be rich.

It was no sudden geysering of ambition within him. He had been fluctuating between fortune and indigence since boyhood. Several times after his sixteenth year Crosby had made himself wealthy by means within and without the law, and just as often he had spent and speculated and skidded his way back to poverty. And there he stood now, beside the highroad, looking wistfully back to his fortieth year and forward to being moneyless within a few months. The prospect did not disconcert him. He had been tossed about long enough to be perfectly resilient. But he must get in motion at once. He must have a scheme of some kind and go to work.

By the time the roses were blowing in the suburban gardens, W. C. Crosby—under a somewhat altered name—had flowered out in Broad Street, overlooking Wall, as an installment dealer in speculative stocks. The euphemism he permitted himself in the matter of his firm name was dictated by caution. Not that

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he was, as the phrase goes, known to the police, but that the post-office inspectors, the commercial-rating people and others of the prying crew who often interfere with the best-laid plans of dishonest men, were far too familiar with his proper name and many of his past peccabilities. These gentlemen would unquestionably have called Crosby a confidence man—and who are we to dispute official opinion? The fact remained, however, that they had not then lived to prove it. They had arrested this scheming gentleman several dozen times in the course of twenty years or so, but they had never yet been able to close retentive doors against him. All of which they attributed to bad luck and Crosby to his own perspicacity.

That was nearly a dozen years ago. Since twenty years of scheming and swindling had not brought him low, this debonair concocter of business marvels looked forward to immediate prosperity and lasting immunity. He considered his installment-stock scheme perhaps the surest and safest of the many tricks he had devised or used in all his roguery. No need to describe it beyond the confession that it was purely a device for lightening the purses and shortening the bank balances of the avaricious and unwary. Crosby was not the only man and his by no means a solitary firm in this field. And none of the others had gone to jail, though some had passed it uncommon close. So Crosby felt at peace with trouble and went ahead.

Seven years later and six years after he had left this Broad Street business at the height of its prosperity to turn his variable and subtle talents to other endeavors, W. C. Crosby was placed on trial in the United States District Court in New York, charged

with using the mails to defraud in connection with this long-extinct enterprise. And somewhat thereafter he entered the gates of Atlanta, which swing inward with alacrity and outward painfully. Here he remained a guest of the Government for two years.

Not long ago, Crosby returned from his expiatory pilgrimage, punished, chastened and even contrite. He is done with that moving and changing world in which he was for more than a quarter century a large and perhaps a luminous figure. He is finished with con. And in token of his resolution he intends here to burn his bridges behind him by revealing completely the secrets and conspiracies of his craft. He goes on the assumption that he knows his subject as thoroughly as anyone living to-day—this with all proper modesty.

A man who has been intimate and more or less continuously associated for upward of thirty years with the modern confidence or get-rich-quick game in a hundred of its variations, who has known nearly all the contemporary large operators in this field and has been closely or distantly connected with most of them, must be conceded very definite knowledge of his profession. In the same spirit it is reasonable to believe that a man who has taken perhaps one and a half million dollars from the public as his personal profit from his schemes must have possessed special gifts in his dubious line. The number and depth of the iniquities are confessed at the outset, with nothing to offset the evil record but the plea that the perpetrator has been punished beyond what is implied by a sentence of two years in prison, and the assurance that he is done with his crimes and is

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trying to make some sort of reparation by disclosing the whole fabric of swindling to the public for its future protection.

Crosby profited a million and a half by his crimes—and has nothing left. He defrauded persons in all parts of the country and in all stations, from the obscure sucker to the city banker. He worked every imaginable type of superior confidence trick. His activities took him over a good half of the United States and he has been engaged in scores of industries—mining, oil, inventions, lands, brokerage, banking, local and general promotions, building, real estate, engineering, electrical and mechanical devising, hotels, produce and what not. To many of the enterprises he initiated he brought the intent of honesty. As often as otherwise he planned his adventures along legitimate lines, but the itch of quick-and-easy money always overcame him and in the end his projects uniformly eventuated in fraud. Why he does not attempt to say, unless it was that the oblique was always easier for him than the straight.

For the purpose of this volume Crosby is the confessor and furnisher of information. What he wishes to attempt in the following narrative is an informative survey of the whole field of con—of that large and inclusive class of swindles based on misplaced confidence and worked by means of a certain definite psychology in the mass of mankind. It may not be amiss to say that the man who stands behind this material is a person of education and rather general culture. He is a graduate engineer; he was always an indefatigable reader of everything that concerned his multifarious activities and much that did not.

No man without unusual equipment could have done his deeds. Above everything else, he is a shrewd and sophisticated knower of life. He has watched the vain procession for many years with eyes that defeat all masquerade—a very different person from the crook as he exists in the mind of the general public, very different from the old type of confidence man.

The origin of the confidence game is not easy to trace. The Vedas and the Mediterranean classics reveal the ancient gods themselves as sad rascals. Petronius and the *Gesta Romanorum* contain descriptions of Latin roguery. Chaucer is forever dwelling on the trickery and scoundrelism of his contemporaries and in the succeeding era a whole literature of lawlessness had sprung up in Europe, reflecting the manners and methods of the engaging criminals of the sixteenth and seventeenth centuries, undoubtedly greatly romanticised. Lazarillo de Tormes in Spain, Gil Blas in France, and Till Eulenspiegel in Germany are the archetypes. England's Robin Hood is a quotable but less analogous figure. The early English novelists are, however, brimming with the stories of picaarons who are the progenitors of the modern confidence man. The chaste Richardson has a type in his *Clarissa*. De Foe's Colonel Jack is of the stripe and so are the numerous picaresque heroes or antiheroes of Fielding. And Smollett in his *Roderick Random* described with uncanny exactness the work of a bunko steerer. Those familiar with this old romance will remember how Random and his friend Strop were accosted by a suave stranger on their arrival in London and shortly relieved of their gold in a card game, perhaps the

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very eight-dice-cloth which came into enormous profitability in America a good deal later under the familiar name of banco.

But all these rogues and their rogueries, with the exception of the last, bear only a distant relationship to the great American confidence game. They are the forgotten ancestors. Banco, or eight-dice-cloth, on the other hand, was one of the three immediate parents—if I may take such a liberty with parentage—of the game as it exists to-day. The other two are the old sawdust or green-goods game and the gold brick of poignant memory. These latter two appear to have been indigenous and all three began life in this country simultaneously, or within a single decade.

Banco, brought across the Atlantic by the inflowing British crook, was first put to work about 1855 in the Western United States, contradictory as that may seem. In my judgment it was preceded a few years by the gold-brick swindle in its most primitive form and followed in a few years by the green-goods fraud. These early confidence tricks are important to any consideration of the game as it now stands, since they reveal how social conditions breed, cultivate and change the practices and devices of the swindler.

The gold craze, which swept over the United States with the 1849 rush to California and the succeeding waves, gave rise to the gold-brick scheme. The country was drunken with gold greed. The marvelous stories of nuggets dug from the hills and millions washed from the California creek gravels had the population in so fabulous a frame of mind that nothing was easier for the sharper than to play the stranded miner forced to sell a brick of gold for much less

than its value. This was the crudest form of the gold-brick game, which has passed through innumerable steps of evolution since then and is—though it may be a surprise—still worked in a greatly elaborated form.

The crook is always attracted to regions of sudden prosperity and quick expansion. There he finds loose and easy money. So it was natural for the recently arrived British swindler to flow west to California along with the gambler and the dance-hall prostitute. It was thus that the great and costly game of banco came to be introduced to America via the Pacific Slope. Banco masqueraded as a lottery, but was simply a gamble with marked cards or a stacked deck. Its important feature was the manner in which the victim was led to the altar. Ropers and steerers were sent out who struck up acquaintances with miners who had more gold than sense and led them, after winning their confidence, to the banco establishment, where the victim was skillfully led along through a series of small winnings to a great wager—which he invariably lost. Here are all the characteristics of the complete confidence game, and it was from the ropers used in this swindle that we have the still current bunko steerer. In later years banco, with its name transmuted into bunko, was played in every large American city and its victims were the verdant rubes of fragrant memory.

Green goods came into notice on the heels of banco and was again born of a social condition. During and after the Civil War the paper currency was enormously expanded and in many parts of the country the treasury certificate and the bank note displaced

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specie for the first time. Many were not familiar with the new money or the precautions taken in its production, and these retarded ones were easy prey for schemers who pretended to sell counterfeit or genuine bank notes at great reductions.

Just who originated the green-goods idea has always been in dispute. Con men of the old school accredit it to various of their former leaders. Major Arthur Griffiths, the Scotland Yard authority, who made a study of this game a number of years ago, attributes it to James "King" McNally, who is said to have plied it first in New York. Griffiths got his information from the late Thomas Byrnes, the celebrated New York police inspector and detective chief, and from testimony given before the Lexow committee. The probabilities are with this authority. Certainly green goods was originally a New York game, and McNally was at least its first large operator.

In the green-goods game again success depended on the artful preparation of the victim, the winning of his confidence, the dulling of his good sense, the allaying of his suspicions and the excitation of his natural avarice—all the elements of the genuine confidence fraud. Later on one of the chief ingredients of the latter-day con concoction was added when the victim was made to take part in the criminal conspiracy and was thus stripped of his right to go to the police and complain.

Most present-day schemes are descended detail for detail from these old and sterile frauds. The ever-fruitful mining-stock swindle is a mixture of the gold-brick and green-goods rackets. And there isn't a get-rich-quick mechanism in use to-day that does

not employ some variant of the steerer who was first used in banco.

Now then, if the con game was first plied about 1850 it is precious close to seventy years old and ought to have been buried some time ago. Every few months the newspapers and periodicals expose some sort of bunko game. The courts are continually sending our fellows to jail. The people are much better educated than they used to be and there are practically no rubes left. But the confidence game is greater than ever and vastly more prosperous than its early disciples ever dreamed it could be.

W. A. Pinkerton was quoted some time ago as estimating the annual takings of con men at \$10,000,000. He must have been using con in its very narrowest sense. All the old estimates placed the figure between \$25,000,000 and \$50,000,000 with the leaning toward the greater amount. This was supposed, in the days before the war, to include the peculations of stock swindlers, promotion schemes, crooked brokers and all their crew. To-day such figures are entirely inadequate, as will appear. At the moment it is impossible to calculate with any accuracy what total the year's swindlings will arrive at, but all estimates place it in the hundreds of millions, probably in the billions.

It may seem puzzling, all this enormous expansion in con in spite of the attacks made on the swindler from every side. But to me the reasons for it are good and clear. Confidence is a business, and, like all business, changes and conforms to conditions. In fact, con takes rise from the conditions of life about it and adapts itself as does social life. And con plays an invariable chord in the human make-up—good old

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earthly greed. But this greed must be played upon according to the times and circumstances. Few are swindled with gold bricks nowadays, for there is no gold fever, but many are mulcted by means of fake stocks.

There are other reasons why con is perennial. It has taken advantage from the beginning of the public foibles, of what is now termed mass psychology. Our people know that the great American fortunes were made either from the natural resources of the country—mines, oil, timber and land—or from spectacular inventions, or from fortunate speculation. Rockefeller is the man who stands for the first type, Henry Ford for the second, and J. P. Morgan for the third. That is the way the popular mind sees these things. It remembers the few successes and forgets the many failures.

So the con man bases all his schemes on these three great wealth producers. Almost without exception he offers his victims a chance to get rich through mines and oil wells, through some wonderful mechanism or patent or through speculation. No wonder con grows constantly greater.

In the old days of plain bunko steering, which I think ended back in the 1890's, the average haul from a victim was a few hundred dollars. When the famous Hungry Joe Lewis cultivated Oscar Wilde on his American tour and got a five-thousand-dollar check from the poet it was considered a remarkable coup and two countries were struck with mirth and wonderment, even though Wilde saw through the scheme in time to stop payment of the check. But nowadays a first-class confidence operator would spurn a scheme

that promised only five thousand dollars. That is almost the irreducible minimum and most swindles of these times are aimed at pots from five to fifty times as great.

One other change has come over the confidence man. Once he tackled only the rustic, the simpleton, the suburban merchant, the stranger in town. Now he pays little attention to this class. To-day your swindler goes after the most experienced and most cynical. The banker and man of moneyed affairs has recently become a favorite mark of the most expert confidence man for reasons which will shortly appear. So I may as well begin by exposing a series of schemes aimed exclusively at banks and bankers. I guarantee that all these devices have been successfully demonstrated by myself and others and that they are being worked at this very hour. At least two of these tricks originated with me, though I wish now I had been better employed.

It must be borne in mind that these devices represent the refinement of the swindler's art, for he is dealing now with men used to finance, trained to investigate, practiced in caution. That I and other men have been able to victimize the occasional banker hardly reflects on the astuteness of bankers in general. There are bankers and bankers, and the swindler naturally uses discretion in selecting his quarry. There can be no doubt that the average banker is pretty well informed in the matter of swindles and not to be taken in. But there are men in the profession who are not too well up on the most modern expressions of the subtle con game.

Any time you feel in the mood to buy shares in

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banks and so become a banker I can tell you how to begin. In many cities are brokerage houses which regularly hold auction sales of assorted blocks of bank stocks. To these concerns consignments of bank stocks are sent by estates and individuals with instructions to sell to the highest bidder. Men who buy such securities are always conservative. They calculate the earning power of the stock and fix their top bid before they go to the auctions. Thus by bidding a fraction of a point over the top anyone can get bank shares. Naturally a schemer can always afford to pay more for any article than a legitimate investor.

These auction sales of bank stocks had been interesting me for some time, when a number of years ago I found a way to make use of them. Another broker and I were out of operation at the time and looking for a scheme. I explained my idea to my friend and we promptly pooled some resources and bought forty-five shares of the stock of a prosperous bank in a Central Illinois city. We paid, as I now recall it, \$122 a share. I then boarded a train and went to Illinois. As soon as I reached the town I made some inquiries to find out who was the attorney representing the bank in which I was now a stockholder. Having discovered the name and business address of this person, I went at once to the bank and approached the cashier.

"I've just bought some shares in your bank," said I. "How soon can I have them transferred?"

The cashier was very polite and genial. It would take a few days to make the proper transfer on the books and issue a fresh certificate. Would I have it sent or would I call?

"I'll be back next Monday if that will give you time," I told him, and we fell to talking.

"Did you buy this stock for investment or speculation?" he wanted to know.

"Oh, I buy anything," I answered. "I considered this a good buy when I made it, but I'm always ready to take a profit."

My man grew pardonably enthusiastic. The price of \$122 a share was very low. It was, in fact—as such prices always are—considerably below the book value. My banker, however, exalted the stock far beyond its book face. His institution was prospering. This year would show much greater returns than the last. No doubt the stock was actually worth \$175 and should go to \$200. This ebullition of hopes I expected and took advantage of. To make my man stress his boasts I asked him to repeat. Then I called for a bank report, which was given me, and I went my way.

Now anyone who is shrewd enough can find fault with the average bank statement. If he can discover nothing worse he can always cry that the loans are too heavy. As a fact, this is an evil of some frequency in banking and one at which much recent legislation has been aimed. It is called loose lending, or spreading too thin. The point at which overlending may begin is extremely variable and opinions will differ greatly about it in every case. Thus a crank may object to the methods of the most conservative bank. This was what I did in this case. It was my first leverage.

For several days I had to lounge about the city, seeing the sights, motoring to surrounding places or

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gassing with the hotel keeper. Then Monday came and I went for my transferred stock. It was ready and the banker brought it to me, smiling and cordial. I examined the new certificate carefully and put it into my portfolio. Then I went to work.

"I am now a partner in this business, am I not?" said I.

"That's what you are," smiled the banker.

"Well, since that's so, I want to call your attention to something. In looking over this statement I find that the loans are pretty large compared to the surplus cash on hand."

"Not at all, not at all!" protested the banker. "Our loans are all very conservative. We know our borrowers personally. All the money we have out is practically call money. No, indeed, we consider our lending very small in view of the conditions."

"That may be," I went on, "but I have had a good deal of experience in such matters and it is this over-lending that breaks banks. I've got considerable money tied up here now and I'm naturally anxious—"

"No reason for it," snapped the cashier.

"So I wonder if you'd mind if I were to look over the books and examine the list of borrowers?"

I said it blandly and innocently.

The banker went through the roof, as the word goes. No, indeed! That was the business of the board of directors. They were all conservative and clever business men. Look at the books? Not by a good deal! The more he talked the angrier he got, and I pretended to get as hot as he. Then I went out in a huff and directly to the office of the bank's lawyer.

Mr. Black, the attorney, was in. I told him I was

a stranger in town, having come in connection with some stock I'd bought in the local bank.

"Now I don't come for advice," I told him with a great air of determination. "I know what I want to do. All I require is a lawyer to conduct the legal matters for me."

"I guess we can accommodate you, Mr. Crosby," he assured.

I told him that the bank had refused to allow me to see the books or list of borrowers. I was suspicious of the overlarge loans and wanted to get a court order forcing the bank to give me access to its records.

The attorney paled just a little and fidgeted. "You intend going to court and asking for such an order?" he asked, almost incredulous.

"That's exactly what I'm going to do," I said, closing my jaw and looking angry.

He was silent for some time, pondering this dilemma. He saw from my attitude that it was useless to try to dissuade me. Finally he said: "I'm sorry, Mr. Crosby, but I can't represent you in this. I am the attorney for the bank."

I expressed great surprise and regret, got up and went my way as gracefully as possible. When I got down on the walk I began to chuckle, for I knew what was happening at that moment. I hadn't left the lawyer's floor before he was at the telephone calling the bank. The cashier assured him that I was a stockholder and that he didn't know what had got into me. I must be mad, asking to see the books.

"Do you know what he's going to do?" asked the lawyer. "He's going to court for an order to see the books."

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"What?"

"Do you know what that means?"

"Good Lord! What's wrong with the fellow?"

"It means a run on the bank the moment the news gets out, whether he gets the order or not."

I can see the poor bank cashier trembling and stuttering.

"What can we do?" he demanded.

"Get hold of Crosby," said the lawyer, "and stop him at any price. Get his stock away from him if you have to."

And they did. I soon received a summons to the bank, where I found the officers angry but frightened. They didn't dare let me see the books, because to do so would be to establish a very dangerous precedent. Besides, they now had reason to doubt my good faith and could not risk letting me have access to such information as their books might have given me. No matter how faultless their business conduct, I had them in a hard knot. I had to be bought out and got rid of. They made me an offer and I laughed at them. Hadn't the cashier told me three days before that the stock was worth \$175 or \$200? Well, if it was worth that then it was worth it now. There was much argument and passing of hot words, but I got \$50 a share profit on my stock, forty-five shares of it.

When I got back to New York I found that my partner had done almost as well. He had bought thirty-two shares in a small Ohio state bank and forced the bankers to buy it from him at an advance of \$55 a share. We now set out and began working this scheme steadily. For some months it went along smoothly and profitably. Then I was lured away to

something still more lucrative, but my partner continued in the game with various assistants, and these men are still holding up banks by this simple and effective means.

Here the secret of success is that no bank wants to have such an action brought against it as we invariably threatened. No matter how high its standing, a run will result, and runs are always troublesome and occasionally disastrous. The bank depends on the confidence of the community and will protect this confidence at any price. So I have often referred to this scheme as con versus confidence.

It may be as well to notice right here that this game of bank-stock selling is not properly a con game. It is more than anything else a gentle, but not too gentle, form of blackmail. Its mechanics are far removed from those of the old bunko conspiracy. In all except that confidence men worked it, this little jewel stands apart. But that means only that it is one of the most recent developments. The most remarkable thing about the scheme is that the banker is not gulled and no confidence of his has to be won. In other words, the banker is not victimized through the slightest fault of his own. No amount of banking shrewdness can prevent a crook from buying bank stock and putting it to illicit uses. Thus there is only one effective armor against the sharpers who are working this trick—and that is being forewarned. Since I wish to stamp out the evils I expose I desire to recommend a remedy for this flagitious practice.

I recommend that the American Bankers' Association send to every banker in the country an account of this swindle, warning him to be on the lookout

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for the stranger who suddenly turns up with a purchase of bank stock. As soon as such a person appears the approached banker should immediately make inquiries of the Post Office Department, the detective bureau and reliable rating and investigating houses in the city where the stock was purchased. The bank may legitimately refuse to transfer the stock until such an investigation can be made. The banker need merely say to his new stockholder that many blackmailing swindles have been perpetrated in the manner I describe and that the bank has the right to protect itself. If this is done the schemers will invariably, I think, take to flight. Generally men who work at such devices have criminal records. They will take no chances with a man who says he is about to investigate. This is the cure for bank-stock hold-ups.

CHAPTER II.

TRIMMING THE FINANCIER.

I HAVE said that the banker is now a favorite mark of the cleverest confidence men of this day, and I cited the foregoing experience, first, because it reveals clearly one of the conditions of banking which draw the swindler to the banker. Banking is based on public confidence and this faith of his people the banker must attract, sustain and protect always. But this necessity is but one of several characteristics of the banking business and the banker himself which make him prone to the attacks of the con man.

If the banker must keep the faith and respect of his clients and the public at large at all costs, the criminal translates this fact into immunity. The banker will not holler, he says, and too often truly. Again, the banker always has available money to swing a deal that interests him. This is quite as important, for the con man deals in cash only—on the receiving end. Third, the banker has business experience and faith in his own judgment. He is ready to act without seeking outside advice. Rarely, but still in instances enough, minor bankers allow this faith in their own astuteness to run hard upon rashness. It is these occasional men that the swindler is always on the watch for. Finally, bankers are everywhere available, and it is a natural thing to go

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to them with business propositions. For these reasons the con man has lately been picking on men of finance.

On the other hand it takes a first-class operator with a highly organized scheme to trick even the rashest banker, who is ever cautious and very much from Missouri. But the virtue of a truly fine confidence scheme is that it can be demonstrated. It will stand a reasonable amount of investigation and is plotted with such care that it contains in its own technic various elements of conviction. Against such plots only the most astute are proof unless forewarned.

It is perfectly certain of course that the vast majority of bank men cannot be and never have been victimized by swindlers. They are either too conservative, too well informed or too perspicacious. But there are occasional dunces in banking houses and these are the men the swindlers bleed.

I need not point out that whereas some bankers are men of unusual talent and ability who have raised themselves to positions in their communities, there are men who have come to the control of money matters in their towns through inheritance or blind chance or mere hoarding. Among these men are those to whom I wish to address special warning. At the same time it is only fair to say that, while bankers have been and are being victimized through confidence schemes, I know of no instance in which a bank has been wrecked by such depredations and I doubt if the depositors have ever lost a cent on this account. There are two reasons for this: Even the rashest banker is too cautious to risk in any one scheme a sum large enough to ruin his bank. Again, the confidence man himself does not try to take too much

from a banker, for to do so would mean bank failure and exposure. That is the last thing the swindler wants.

I have said that only the most modern and skillful scheme is likely to succeed against the man of finance. Yet the rare exception to this rule springs to mind at once. The ludicrous adventures of the notorious Maybray gang in the Missouri Valley deserve to be mentioned.

Maybray and his confederates, of whom more than eighty went to prison about ten years ago, operated various antique con games throughout the Middle West, and for many years. The organization comprised hundreds of lieutenants, employees and hangers-on. It was so large and unwieldy an affair, with so many chances of betrayal through its numerous entourage, that no careful operator would have any connection with it. Eventually the conspirators came to grief through a banker. The tale contains humorous virtues.

A Middle-Western banker, pillar of his church and arbiter of local social and business morals, was in the habit of going to St. Joseph once or twice a year for such diversions as were taboo in his home town. One of Maybray's steerers roped him, captured him and let him win some small bets on fixed horse races, prize fights and wire-tapping games. After a time this upright but verdant gentleman felt himself one with the urbane conspirators. In other words, he was fattened for the slaughter. A fixed prize fight was now proposed in which the banker was to put up a large sum on the obscure amateur who had been framed to beat a well-known champion. The banker

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knew that local faith in the favorite was unshakable and that odds would be bet against his money. He accordingly went home and returned with about forty thousand dollars. He committed a flagrant dishonesty when he bet on what he knew—or thought he knew—to be a frame-up. No need to dwell on the painful result. Something went wrong. The champion won by what looked like an accidental punch and at that very moment there was a prearranged raid by the police, who had been “seen.” The banker fled to save his reputation, leaving his money in the hands of the Maybray crowd.

But in this case something went awry. Either the banker was in a position to indulge his revenge or he was overpersuaded by government agents, who were just then bending every energy to stamp out the evil of the Maybray crowd. At all odds, the banker did squeal, wholesale arrests followed, and wholesale convictions.

A good deal more modern than this ancient hurrah was a little plan we worked on a banker in Indiana a few years ago. This type of swindle is current and very popular. I do not know how many bankers in small communities have been victimized, but their number must be considerable. Recently I was told of a fresh instance:

I heard—through a young man who had been discharged from a broker’s office and wanted to take his revenge—of this banker and the fact that he was taking flyers in oil stocks. I paid nothing for the information, though it proved to be highly valuable. The scheme which immediately came to my mind required three conspirators. I picked up my two assist-

ants and hurried out to Chicago, where we fitted up and opened a brokerage office. Here the first of my lieutenants began to deal—or pretend to deal—in the shares of an Oil Lease Company, a decrepit concern whose half million dollars' worth of beautifully printed and worthless shares I had long and vainly been trying to foist on other brokers.

After establishing my second partner, a young woman who should have been an actress, in a neighboring small town, where she settled down and passed herself off as a widow, I hurried to see the banker. I found him a rosy, overfed, side-whiskered old fellow who knew more about the quality of Volstead's best than about finance. What is called a cold approach was made. By that I mean that I walked in on him without the slightest preparation, which is contrary to the con man's habit. I told him that I was interested in a block of oil stock which could be bought at fifty cents, whereas there was a market for it at \$1.10. The old man was interested enough to ask numerous questions, but was cautious. If I was sure of a market why did I need him at all? Why didn't I buy an option on the stock and then dispose of it?

For this I had been waiting. I explained that the holder of the stock was no fool. If I tried to buy an option the stockholder would immediately make inquiries. She would learn at once that her stock was worth \$1.10 and my profit would go glimmering. The stock must be bought outright and had in hand. I must go to the woman with the money and push through the deal in a hurry. This appealed to the banker's good sense, but he was by no means satisfied. For this we were of course prepared.

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"What makes you think you can get a dollar-ten?" he asked.

"I know what the market is."

"How do you know it isn't a fake quotation?"

The old man was wise enough to understand this patent fraud. Evidently he had been burned by that candle.

"I have an offer from a reliable firm," said I.

"How reliable?"

"Known them for years."

"That's not good enough to get my money," said he.

I pretended to be puzzled and baffled. Then I asked him what would satisfy him. He said he would have to have some guaranty. Again I considered. Then I proposed tentatively, as though I had my doubts about its feasibility, a purchase and sale agreement between us and the brokers I had mentioned, whereby the brokers contracted to buy the stock and put up a cash forfeit to bind the contract.

"That would satisfy me," said the old banker, and took me to his club for a drink of his private stock, which I downed for policy's sake. Drink was never one of my failings. It mixes badly with sharp business. As soon as I could get away I hurried off to Chicago and pretended to negotiate the contract with the brokers, which was not difficult inasmuch as "they" were my first confederate in his office suite. In a few days I summoned the banker to Chicago for a conference. He was led into the excellently appointed offices of my confederate and we talked business.

Yes, the broker would buy the oil stock in any

amount at \$1.10. How much did we have? We had to hedge a little here. We were not sure how much we could scrape up, but probably about 70,000 shares.

"Well, what do you want?" snapped the broker abruptly.

"It's this way," began the banker. "Of course your firm looks solid and responsible to me, but I don't know you and I can't do business with strangers on a chance. If you are willing to enter into a contract and put up a cash forfeit we can do business."

"How much?"

"Twenty per cent."

"Ridiculous!"

"I think not."

"Well I do," snapped the broker. "This firm is just as reliable as your bank. But we want the stock, so I'm willing to do what's reasonable with you. You say you can get 70,000 shares. At my price that would amount to \$77,000. Well, I'll go half way with you. I'll post ten per cent—\$7700—if——"

"That's satisfactory," the banker interrupted.

"If you're willing to put up some sort of forfeit on your side," the broker finished.

There was consternation in the banker's face. He was once again on the defensive and highly suspicious. This was just what I wanted, for nothing is so effective at this stage of a game as suddenly to rearouse and as suddenly allay the suspicions of your victim. I jumped into the breach.

"How about some of Such-and-Such oil stock?" I suggested.

"Nothing better," said the broker. "How much?"

"Well," I said, "I've got a thousand shares that

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are my personal property, but I'm willing to put them up if that will satisfy you. We're on the level, and so I'm taking no chance."

The banker's face lighted with the immediate relief I had been playing for. The broker grumbled some at the small forfeit we were willing to put up against his money, but he finally acquiesced and a regular purchase-and-sale agreement was drawn. The broker's \$7700 and my thousand shares of oil stock were put up at a large Chicago trust company and the banker and I set out for his home town.

On the train I was jubilant, as well I might have been. Laughingly I pointed out to my ancient partner the iniquity of taking 70,000 shares of stock away from a foolish woman, paying her \$35,000 for it when it was worth \$77,000.

"Business is business," said the banker philosophically.

The next day we called on the little widow with the cash in hand, the banker having first given me a demonstration in cold-blooded business that would have curled my hair had the transaction been genuine. When we arrived at his bank he had sat me down in his office and calmly told me that my share of the profit would be five per cent. I could take it or leave it. I had protested vehemently, to carry off my part. I wanted half the profit. He laughed at me. I came down by degrees, but nothing could move him. At last by threatening to go back to Chicago and draw down my stock I had forced him to grant me ten per cent. So my banker having hogged the deal—as he thought—we called on the widow.

He took the whole matter into his own hands, made

short work of the woman's objections, laid down the cash on the parlor table and fingered the bills temptingly. She acted her part well and sold the shares after just the right amount of hesitation. That night she disappeared from the town with the money.

We were in a position to close the matter at this point, taking the banker's \$35,000 and leaving him our forfeit of \$7700. But the old man had played hog and I was determined to save our money if I could, so I began to play on his greed from a new angle.

When we got back to his home town I managed to extract from the old gentleman an invitation to spend the evening with him and I used it to slip into his mind some new wrinkles in avarice. I reminded him that the Chicago broker had been very anxious to get the shares at \$1.10. What did that mean? Either the company had struck oil in paying quantities, in which case the stock would go much higher, or the brokers were getting ready to bull the stock on the market, in which case we would do better to wait and sell at the top. When I had my man fairly sweating cupidity I came into the open and suggested that we refuse to sell our stock.

"And lose your thousand shares?" he inquired.

"Why not, for the sake of the 7000 I own of this block?"

This was the final blow. My willingness to lose the forfeit utterly confounded the old man's judgment. He put the 70,000 shares into his vaults, allowed the contract with the broker to lapse and thus let us take down our money. We had made \$35,000 clear out of him. It had taken about three weeks and cost us

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\$2000 in expenses. The banker pocketed his loss without a murmur.

What shall be said of so crude a fraud as this? Certainly this banker was an exception, for I think the average man of affairs could not have been victimized, could not even have been approached with such a scheme. But this man was really inexperienced in spite of his years. He thought he was cautious when he was merely stubborn. His greed was far stronger than his judgment. He was a common human, but an uncommon banker type. Nevertheless, he is by no means a solitary figure. This scheme has been worked many many times and is as effective to-day as ever it was. The right man for the fleecing has to be found—and he does exist.

Means of protection against this device are so obvious that I hesitate to set them down. In the first place no conservative banker in these days has any right to dabble in unlisted oil stocks. He probably would not dream of using the bank's money for such a purpose. Why, then, his own? Again—and here is a rule which I lay down as absolute in all cases—it is good sense to investigate the men you deal with as well as their proposition. If my banker had shown the slightest disposition to inquire into me and my confederates we must have stopped instantly and given up the game. Why did it not occur to this shrewd man to ask how long our Chicago broker had been tenant in his fine offices? Why was no rating asked on this broker? Why was I never asked for references or credentials? All these questions and others I might answer, but what's the use? All I have to say to business men is: Investigate the stranger

who comes to you with a proposition and investigate him thoroughly. If he is straight he will demonstrate it. If he is a crook he will decamp at the first sign of inquisitiveness.

The confidence man of the better sort is not always bent on crookedness. In his ranging and wandering he often comes by chance upon excellent opportunities at legitimate business, but nothing is easier than to convert a straight enterprise, once under way, into a fraud. The temptation always rises in any venture and the conspirator always falls. This happened to me many times, as in the ensuing instance.

A partner and I were doing a general brokerage business in New York within recent years when I came upon a town where there was an excellent opening for a trust company. We went there and organized the concern on a commission basis. The existing bank in the town fought the scheme hard, but ineffectively, and thereby taught us a lesson that was shortly to result in an elaborate and successful swindle.

After this enterprise we continued on the lookout for towns where trust companies might be organized and soon found one. I set out at once for this place, but did not immediately disclose my plan to the citizens. Instead I investigated minutely the affairs of the two existing banks in the city and possessed myself of a list of the stockholders and the amounts of their holdings. This done, I went quietly to an obscure shareholder and bought of him fifteen shares of the stock in the stronger of the local banks. I asked him to say nothing of the deal for the present and did not then have the stock transferred to my name. Instead I launched my scheme.

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I first organized a committee of prominent citizens who were not interested in either of the existing financial houses and proposed to them the incorporation of a title and trust company by popular subscription. The capital stock was to be \$250,000 and my firm was to receive five per cent of the total amount subscribed when all shares had been sold. All money collected was to be made payable to a great New York bank as trustee and we were to handle no money. This gave the scheme the air of absolute honesty—and honest it was in so far as the people of the town were concerned.

The virtues of our plan as outlined to the committee and the public were numerous. Not more than ten shares could be held by any single individual. In this way the new bank would have a numerous stockholder list and assure for itself from the outset the deposits of these many interested persons. The depositors would share in the profits and would work automatically to bring other depositors to the new concern. It would be a coöperative affair. Everyone felt its success assured.

The committee formed, I began to sell the stock, opening an office in a ground-floor store in the town's main street. I worked quietly for a few days and got in several thousand dollars in subscriptions. Then I began to advertise in the papers and make a great hurrah. The opposing banks were on my neck in an instant. It is not unusual for newspapers in smaller cities to be indebted to the banks to the limit of their borrowing power, and the two weeklies were bank controlled and I had known this from the start. But the single daily had some independence. The estab-

lished banks now began to attack me savagely through the two weeklies.

"Trust it not!" they screamed in black headlines, making a bad pun on the trust company.

"Why summon New York sharpers to organize a bank in this city?" demanded another lampoon.

And the papers were full of denunciation of the scheme, asserting that the town had capital and enterprise and business ability enough to run its own affairs without summoning assistance from Wall Street.

I immediately bought the back page of the daily paper for a fortnight and answered the arguments of the local banks. I pointed out to the working people of the city, which was a thriving manufacturing town, that they were taking their wages from their employers on Saturday night and handing their surplus back on Monday to these same employers in the shape of their bank deposits, for the manufacturers owned the banks. I asked the working people if this wasn't tantamount to working for food and clothing. The banker-manufacturers did not relish it a bit. The fight got hotter and hotter. I sold more and more shares in my trust company. Two weeks passed. Now I felt it was time to strike.

One fine morning just as the officers were arriving at their desks I walked into the biggest bank and into the office. The bankers were surprised to see their enemy, to be sure. They were vastly more consternated when I laid down my certificate for fifteen shares of their stock and asked that it be immediately transferred to my name. I have seen some badly flabbergasted people in my busy life, but none to compare to these banking gentlemen. They knew what

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they had said about me, the insults they had flung and the insinuations they had made—and they were not fools. They saw in an instant that I had them foul. With those fifteen shares of stock in my hands I could demand to see their books. If they refused to transfer the stock I had only to announce the fact in the daily paper, whose back page I had optioned for some time to come. If they refused to show me their books I could announce that fact, or I could apply to a court for an order and thus precipitate a run. If they were nice and let me see the books I would be certain to find discrepancies—real or fancied—to exploit in my newspaper page. It was a bad situation and my banking friends knew it.

That very morning there was a hurried running together of the directors of both local banks. An anxious conference was held—to which I was politely summoned before noon. When lunch time was at hand I had been bought out by the local bankers, bought out completely. They took my fifteen shares of stock at a handsome profit and they paid me in cash the five per cent which I had planned to make from the organization of my trust company—a matter of twelve thousand five hundred dollars. They contracted to undertake themselves the promotion of my company and asked me to leave for parts unknown with all due haste. I went! The bankers built up the trust company by popular subscription, in part at least. Somewhat later a fine building went up in the center of the town to house my creation and it is there still, doing a very nice business.

My partner and I continued in this game for some time. In nearly every instance the local banks bought

us out before we got well started with our company. We always incorporated for a large initial capital, so that our five per cent might come to a respectable figure. Usually we were conveniently relieved of our task at the end of two or three weeks. If not we went on with our stock selling and started the new bank in motion. This sometimes took as long as ten or twelve weeks, but in the end the profit was the same. Heads we won, tails they lost. A quarrel with my partner finally caused the collapse of this fine conspiracy, but I understand that other men are now plying this almost impeccable trick.

Here again it is no fault of the banker that he is bled. He is in no sense deceived or misled. He simply comes up against a piece of sharp business and has to deliver or allow a competitor to spring up at his side. Nevertheless, with the information I hereby put into the hands of the banking interests it will not be difficult hereafter to defeat most of such machinations. If the bankers in this town had wired to New York and asked the post-office inspectors, the commercial rating houses and the confidential investigators, who are in constant touch with men and affairs in Wall Street, they would have come upon information against me sufficient to defeat my scheme.

I had not at that time been convicted of any crime, but both my partner and I had been in many shady and even criminal transactions which had not been brought home to us. Of many of these things the agencies I mention were thoroughly aware. If my local bankers had taken the trouble to get this information and to publish it or merely to confront me with it I would have been forced to clear out. Instead

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they contented themselves with hurling vague and unsupported insinuations, which did not terrify me at all. Hereafter legitimate business will know how to defend itself against this form of mulcting.

CHAPTER III.

THE TALKING TYPEWRITER.

WE come now to what I consider a high development—a perfect flower—of my con creations. Like the foregoing schemes it is aimed at that small body of inexperienced bankers who are the con man's meat and drink, and how well aimed you shall judge. Before I begin to recount this adventure I must call attention to the elements which constitute the full-blown technic of confidence gaming, otherwise you may not appreciate this trick.

There are six definite steps or stages of growth in every finely balanced and well-conceived confidence game. One follows the other with absolute precision. In some games one or more of these scenes or acts, to use a theatrical comparison, may be dropped out, but where that happens the game is not a model one. The reference to the stage is apt, for the fine con game has its introduction, development, climax, dénouement and close, just like any good play. And this is not the only analogy to the drama, for the scenes are often as carefully set; the background is always a vital factor. In the colorful and mirthful language of the bunko man, all these parts of the game have their special names. I give them with their definitions:

FOUNDATION WORK: The preparations which are

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made before the scheme is put in motion, including the elaboration of the plan, the employment of assistants and so forth.

APPROACH: The manner of getting in touch with the victim—often most elaborately and carefully prepared.

BUILD-UP: Rousing and sustaining the interest of the victim, introducing the scheme to him, rousing his greed, showing him the chance of profit and filling him so full of anticipation and cupidity that his judgment is warped and his caution thrown away.

PAY-OFF or CONVINCER: An actual or apparent paying of money by the conspirators to convince the victim and settle doubts by a cash demonstration. In the old banco game the initial small bets which the victim was allowed to win were the pay-off. In stock swindles the fake dividends sent to stockholders to encourage larger investments are the pay-off.

THE HURRAH: This is like the *dénouement* in a play and no con scheme is complete without it. It is a sudden crisis or unexpected development by which the sucker is pushed over the last doubt or obstacle and forced to act. Once the hurrah is sprung the victim is clay in the schemer's hands or there is no game.

THE IN-AND-IN: This is the point in a con game where the conspirator puts some of his money into the deal with that of the victim; first, to remove the last doubt that may tarry in the gull's mind, and, second, to put the con man in control of the situation after the deal is completed, thus forestalling a squeal. Often the whole game is built up round this feature and just as often it does not figure at all.

In addition, some games require what is called "corroboration," which means what it says. This is important in games where a banker or other shrewd customer is to be the victim.

And now to my story, which illustrates this whole elaborate mechanism:

As an electrical and mechanical engineer I have always been deeply interested in inventions and this bent has swallowed up much of the money I have taken from the unfortunates who were foolish enough to enter into my schemes. But inventions have also made me much evil profit, as we shall see. Some years ago I made exhaustive and vain experiments with an automatic typewriter—a mechanism to be guided by the voice, which was to do away with both the stenographer and the dictating machine. My invention was a failure, but I have no doubt someone will one day solve this problem, perhaps on a principle different from mine, for the idea is a sound one mechanically.

I did not contrive an automatic typewriter, but I made some people believe I had—to their sorrow. My apparatus was a cabinet equipped at the top with a number of microphones, which were to receive the sound of the operator's voice. Beneath on a projecting shelf was a regular typewriter of standard make, and over each of its keys was a round selenoid magnet with a central core or armature. According to theory, at least, when these magnets were energized by the voice the armature pressed down on the keys in their proper sequence and caused the dictated letter to be written. The inside of the cabinet was supposed to contain the mysterious mechanism which strained the

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voice and put the pressure on the proper keys in turn. In reality it contained a device of another sort, though hardly less ingenious.

The operator sat down before this cabinet and slowly dictated a letter, which the machine faithfully wrote out—faultlessly and swiftly. I explained to my victims that sound waves controlled the electrical energies which were arranged automatically to operate the typewriter. In reality the microphone conveyed the dictated letter into an adjoining room, where an expert stenographer took the dictation directly upon another typewriter. This was hitched by electrical means to the typewriter at which the victim was sitting, so that when my stenographer in the next room pressed a key the corresponding key on the automatic typewriter was depressed and caused to write. An elaborate and wonderful deception to begin with, if I must say so myself.

The commercial possibilities of such a contrivance were apparent to the most stupid. And when you sat before the cabinet there was no way to tell that the machine was not actually responding to your voice. The physical demonstration was absolute.

Now the old-fashioned con man of one type would have incorporated for a couple of millions and tried to vend his worthless stock to the general public. Another type would have gone to some city and victimized the professional men and small business people. I chose a more dignified if more difficult route. I went after bankers.

Two confederates and I set out one early autumn for the Virginia city whose possibilities we had previously examined. It was a manufacturing and min-

ing center of some size and we had located a fair-sized unused factory, which we rented. Here we made the necessary alterations and set up our typewriter. Then I summoned from New York my expert stenographer, a young woman who was long associated with me in various deals. One of my confederates was now sent to the principal local bank with twenty-five thousand dollars in cash, which he deposited to the credit of our new manufacturing firm. In order to do this he had to interview the cashier, who was naturally curious. Our man explained that we had come to the town to manufacture our wonderful automatic typewriter. We represented men with large means in the North. We would require and ask no credits of any kind, since the backing was more than ample. We made the deposit in order to pay for materials and to foot the expenses of the factory, and we proposed keeping our balance up to a good figure.

The bank cashier did not know whether to be more pleased or inquisitive. On our man's next visit he again engaged the cashier in friendly talk. The banker was more curious than ever. He hinted round until he was most cordially invited to the factory to see a demonstration of the wonderful machine. Of course anything he might see of the manufacturing process was to be kept confidential.

The banker put on his coat without delay and was driven out to the factory. He was taken directly to the cabinet and instructed in the operation of the device. He sat down, put in a sheet of paper, cleared his throat and began to dictate. The machine followed him rapidly and accurately, turning out a perfect letter. He stared and rubbed his brow. We were

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volubly explaining the alleged mechanical and electrical principles at work.

The poor banker stared even harder. He tried a second letter and a third. He was like a child with a toy. We let him play to his heart's content, supplied him with cigars, told him the sad story of the untimely death of the inventor of this marvelous machine and sent him back to his bank in our motor car. I feel sure he came very near asking about stock in the concern, but he decided from our attitude that he would be wasting his breath—and so he would have been. He was not our intended victim.

All we had done to this point comes under the head of foundation work. Now for the build-up.

The banker in this larger city having been thus thoroughly prepared and filled with confidence in us, I departed at once for a smaller city about twenty miles distant, where I planned to make my coup. After establishing myself I went to the local bank and opened an account with a deposit of \$1000. In answer to the usual inquiries of the banker I explained that I was in the town to do a little business. I was, in fact, quietly buying some shares in a company out of which I hoped to realize a nice profit. To avoid all suspicion I explained that the shares would come with a draft attached, but that I did not want him to assume any responsibility in the affair, even in the matter of taking up the draft.

"I will drop in personally to see that the stock is O. K. and I'll pay the draft," said I.

"Perfectly satisfactory," chuckled the banker, who was already betraying his interest.

This visit constituted the approach.

In a few days came a certificate calling for shares in the Automatic Typewriter Company with a draft for eight hundred dollars attached. I paid it out of my deposit of one thousand dollars. Immediately I sent the shares to the company through the bank in the larger city with a draft for fifteen hundred dollars attached. This draft was immediately paid out of the twenty-five thousand dollars we had on deposit with the larger banker.

Now followed a series of similar transactions in varying amounts. My one thousand dollar deposit grew in two weeks to be more than five thousand dollars. My small-town banker was in a sweat of interest and avarice. He began to ask me questions and became more minutely inquisitive every time he saw me. Thus little by little, without any definite steering from me, he was made ready for plucking. This part of the operation contains both the build-up and the pay-off, if you will observe.

Now my small-town banker was quite convinced that this business was straight. He had seen a demonstration of it through his own bank. But he was cautious, as I had expected. To make sure, he made a trip to the larger city and called on our banker there. This man was, by virtue of our excellent preparation, full of our praises. We seemed to be an exceptional concern, he said. We had opened an account with twenty-five thousand dollars and kept a large balance. We had asked no credits of any sort and appeared to be amply backed, and he had been out to see the invention himself. Of that he could speak definitely. It was a wonderful thing. My small-town financier went

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home in no pretty mood. He was out for a share of the cream.

Naturally I had taken the trouble to observe the movements of my banking friend. As soon as I knew he had been to see his brother banker I remained away from his place for a few days and then dropped in on him after banking hours one afternoon. He was glad to see me and careful to conceal it. After some preliminaries I told him that I had a chance to make sixty thousand dollars or better and wanted his assistance. I wanted no money of him, but only the use of his prestige as a banker and I was willing to pay handsomely for its use. The widow of the inventor of the wonderful automatic typewriter, in whose stock he had seen me make some profitable deals, had a big block of the shares and did not know of the recent developments. I felt sure we could get her stock for about forty thousand dollars and sell it to the company for one hundred thousand dollars. The backers were trying to buy up all the outstanding stock. They would be certain to approach the widow shortly, but I meant to forestall them to my profit and her loss.

“And how do I figure in this?” he asked.

“I want you to go with me and help me influence the widow to let us have the stock. You can get her to send it here with a draft attached. Then we can sell it immediately and pay her. It will take no money, only the use of your name and your aid—and I’ll pay you ten per cent of my profit for your trouble.”

Here was \$6000 to be made without the risk of a penny. The banker agreed to aid me.

The visit to the larger banker was the corroboration

step in this scheme and these latter negotiations completed the build-up, or nearly completed it. That night I took my banker into an automobile, drove him to the factory of the Automatic Typewriter Company, where I had the stage set for him, and gave him a demonstration of the machine. This was done clandestinely, or so he was made to believe. The marvels of the machine did their work impressively. We were ready for the hurrah.

Next day my banker and I called on the widow of the unhappy inventor. That girl could run a typewriter and act a part equally well. She received the banker with grace and reserve, listened to his proposition and raised some slight objections, which he smoothed away. She could trust him, he assured her. He was a banker and certain to keep his word. Would she not send the stock to his bank with a draft attached? He would remit forty thousand dollars or return the stock within three days.

"I see no objection to that," said the little widow at last. "But I'm really no hand at business. I'll have to consult my lawyer first."

The hurrah!

I got the banker out of that house in less time than it takes to say it. On the walk I turned to him excitedly.

"Do you know what that means?" I cried. "If she sees that lawyer it's all off."

"What'll we do?" he asked helplessly.

"We must act in a hurry," said I, pretending to think rapidly.

Suddenly I seized him by the arm and dragged him to our car.

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"There's only one way," I shouted into his ear as we drove off. "You rush back to the bank and get the money. Take my five thousand and get thirty-five thousand of your own. I'll give you half the profit. It's our only hope."

We broke all speed laws along the road to his little town. He went to his bank on the run and came back in a little while with the money. By two o'clock in the afternoon we were at the widow's home and were again received.

She had not yet seen her lawyer. A sigh of relief went up from both of us. The banker displayed the cash and renewed his persuasions. Real money the widow could not resist. She brought out her stock certificates, which we examined minutely and found correct. Then we handed over the forty thousand dollars in bank notes and went away jubilant.

Please observe now that I had worked the in-and-in on my victim at the last moment, when I put my five thousand dollars in with his money to pay for the stock. We were now joint and equal owners of these shares and—as my partner believed—stood to profit thirty thousand dollars each on the deal. But here the purpose of my in-and-in and the rub of the whole matter developed. My banker could not sell the stock without my consent and I temporized, pleading that there was no hurry. This gave the little widow time to get back to New York. It also gave the factory opportunity to vanish in the night—I mean the contents of the factory. This done, I made a pretext of going to the big town to arrange for the sale of our stock, but I did not stop there—and I have never been back.

No complaint was heard from this banker and we went on our culpable way with this marvelous wealth-producing device. My arrest, in fact, interrupted a later setting out on renewed adventures with the automatic typewriter.

A word to bankers in parting before I pass on to the frauds that are perpetrated on the humbler members of our society: I need not repeat the apparent fact that the first hint of an investigation outside the lines carefully prepared by ourselves would have sent us scurrying to cover. If my banker had shown the slightest tendency to find out who were the alleged men of wealth who stood behind us, we should have dropped him as a bad prospect. But he did not and there lies the sink into which so many excellent and intelligent people fall. The person you are doing business with is all important, his project secondary. If your man is above cavil his scheme is likely to be. If your man is a crook his project may be thrice wonderful and by that sign thrice perilous. *Cherchez l'homme*, my friends. Look up the man. And you will keep in hand much good and highly useful money.

CHAPTER IV.

SCHEMES FOR BUSINESS MEN.

“COLONEL NOVENA was, of all the rogues and scoundrels I have encountered in my professional life, the confidence man par excellence, as the French would say; not by the excellence of his high character, to be sure, or his moral worth, but by his artistic superiority.”

It is possible that the reader of my retrospect will never have heard of Colonel Novena. To tell the truth, I myself had not met his prayerful name until some weeks ago when I set out to trace American confidence gaming to its bed of birth. My notion is that there was no such thing as confidence, properly speaking, before about 1855, all of which I have said before. And it is in the newspapers of the years just following this date that I found the eminent colonel. His true name seems to have been merely Julian Cinquez and his port of embarkation Havana. In this country for a period of ten years he celebrated himself as Colonel Novena, General Alverosa, Count Antonelli, Sir Richard Murray and under various more modest aliases, used as fancy or occasion directed. In the days just after the Civil War this nec-romancer was a scandal in our metropolitan press, a wonder of ninety times nine days.

That is, however, not the sole reason for recalling

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him from the shades. Colonel Novena has a proper and inherent right to be resurrected here, for he was not only one of the first American con masters, but he was the father of a school of bunko which has by this far-advanced day come to a florescence past all his creative dreams. His art has lived after him and reproduced strange fruitage on its stem. Colonel Novena lives still, through a numerous spiritual progeny, and he lives with a baleful luster and evil vitality beyond all he can have foreseen.

The estimate of his worth wherewith I introduce this significant figure to your notice is that of a contemporary. I find it in a curious and uncommon volume, *Detectives of Europe and America; or, Life in the Secret Service. A Selection of Celebrated Cases, Etc., Etc.*, by George S. McWatters, late member of the American Secret Service. The work was published in Hartford, Connecticut, in 1877, when McWatters had retired after long police duty in New York and sat him down to write a book. McWatters further embalms the blithe Novena in this fashion:

“Colonel Novena was no small man in his way. He was a handsome man, too, possessing a finely shaped face, with large, dark, not quite black, eyes and eyelashes, such as would rouse the enthusiasm of the master painters and which gave to those eyes that sweet alluring expression so irresistible to women; or when reflecting the light of anger from them added a twofold horror to their expression, enough to make the strongest man quail, for the man seemed then a very demon. The colonel was about five feet ten inches in height, elegantly proportioned, his form being perhaps as nearly perfect in every respect as any man

on this wide globe could boast of. Grace, dignity and strength combined in it, and when at all roused Colonel Novena was as lithe and flexible as a cat, or better perhaps, a tiger."

We read also that this marvelous fellow "could imitate anything from the grimace of a pretty simpering girl to the Falstaffian stolidity of a Dutch judge, and was one of the most excellent story tellers in consequence." He dressed faultlessly and never never overdressed. He played the part of the literary savant to perfection. The ladies doted on him and the men—which was regrettable—lent him money.

So much for the personality of this capital villain as it struck one of the foremost police officers of the day. It reads a little moviesque no doubt, but who would strip either the past or the movies of extravagance?

Novena, or Cinquez, appears to have trod our shores first in 1859. Society opened its doors; Fifth Avenue took down blinds and barriers; and he managed to insinuate himself within the White House, which must have been a bit more democratically run in those days. We discover, not without amazement and amusement, that this scoundrel got letters from President Buchanan, General Frémont, Chief Justice Taney, Andrew Johnson, Mr. Seward and others almost as notable. With such credentials he hardly needed to win the confidence of men and women of money and position.

Imagine if you can how the provincial society of the bloody sixties fell prostrate before this paragon. Novena, the practical soul, never failed to make pragmatic applications of this adulation. At first he merely borrowed large sums of money "until I can draw

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upon New York," or "till my manager in Havana can forward my dividends." But loans make both the lender and the borrower shy. The cream was soon off this milk and Novena turned to other pastures. He now went from city to city, plying a certain type of con game for the first time so far as I can determine. In each city Novena played the social game till he was established. Then he bought or optioned eight or ten lots on both faces of a prominent but not too developed corner and announced that he would shortly erect on part of this site the great Novena building. Architects' drawings were soon in evidence. They showed a building such as the town had never imagined, designed to cover the three corner lots. Naturally it was wondered what Novena wanted with the remaining ground. He worked up local enthusiasm with great skill, shortly sold his lots, often including those reserved for the building, pocketing a big profit. Land values all about the projected Novena structure had been run up by his manipulations. The money in his jeans, Novena disappeared, leaving the city his magnificent plans. This was only one of his schemes, but it is representative of all.

When this fellow borrowed money of social acquaintances and failed to pay he was no more than an adventurer, one of the type whose doings fill the records of every time and country. But when Novena turned from this antique deceit to business schemes he made the transition from adventuring to confidence gaming. He became the innovator, the maker of criminal history. Not that he was the first con man. No such basic claims are made for him. Others were conning in his day or slightly before. But Novena

was the first in a particular field. He was the originator of the con game as adapted to the man of business, the merchant, the manufacturer, the money-maker generally. He is thus the progenitor of a whole line of the most distinguished rogues. He is father to the perennial Wallingford.

These descendants of the lustrous Cuban of old times I have marked out for special attention. They are not unrelated to the con man who aims at bankers—a being whom I described in an earlier article. I need not explain, I suppose, that the banking point of view is not far different from the business prospect. Naturally, then, the con man who attacks business people will not differ vastly from the enemy of bankers. The schemes he is likely to exploit will on the other hand be quite disparate. They will lack some of the refinements of the game leveled at the banker, but they will be found to make up for this loss in color and flavor of a sort that would at once jar on the sensitive business eye and palate of the financier.

As for the personal origins of the con men who attack the man of business much might be recounted. But to sum up the general truth, I believe it is correct to say that most of the bunko fellows who work in this field were themselves business men before the shadow of the illicit fell over them. This, I believe, is the fact in the cases of nearly all high-class operators in bad business. The legitimate man of business is the logical prey of the business man gone wrong. His is a game with which such a sharper is intimately familiar. To do the respectable commercial gentleman is simply to carry superior shrewdness past the boundaries of legality.

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There is a popular notion, I realize, that criminals are born, or at least that a criminal is one thing and an honest man another—separate, without contact, aloofly unrelated. Happily or otherwise, this is untrue. Most of the higher-type sharpers I know were once in legitimate business. Misfortune or temptation or necessity drove them astray some little step, some slight distance. But once off the straight road these men found it too hard to get back and too easy to go on. With time and progress they all graduated into unblushing crime. Please remember, I am speaking here of the higher-class men only. Of the common fellows of bunko I shall have something to say when I reach them. But all, high or low, became criminals; they were not so ordained.

“There, but for the grace of God, goes John Bradford,” said the pious man as he stood in a dirty London gutter and saw a felon being dragged to the gibbet. And strangely enough Bradford himself was later burned at the stake as a criminal heretic.

Just how the descent from honesty to roguery was made by all of the many men who have changed the “roses and raptures of virtue for the lilies and languors of vice” would be a most intriguing inquiry, which would be foreign to the present design. Evidently, however, it is not a difficult metempsychosis. Many have traversed this rough road.

And while we are on the subject of changing coats from fair to foul it is just as well to remember that the morals of business have undergone a great change within the generation. I cannot say that they have improved in every direction, but in general it is true that such practices as were legitimate with business

men of even twenty years ago are now either forbidden by custom or actually criminal. Most men changed with the changing order. But some found themselves unable to follow their times and they soon found themselves bankrupts, shady fellows or the inmates of jails. I think of a luminous illustration.

About 1894, when I was building machinery in Philadelphia, a man came to me from a neighboring town and asked whether I could construct a machine to make coffee beans out of a flour paste. I built parts of his device, which molded and baked fake beans out of dabs of white flour and water, the same substance used in making macaroni or sphaghetti. These beans came out of the machine white and crisp. They were later browned in ovens and sold to the trade. The manufacturer of these wares intended them to deceive the public and so they did, for jobbers, coffee roasters and grocers everywhere mixed this worthless stuff with real coffee and defrauded the American breakfast table. My manufacturer did a thriving business for many years and collected much money.

But whatever circumstances created the sharper out of the honest fellow, we have to-day a country very well provided with the former. Just how each one came to his goal need not bother us. What may both entertain and benefit us is an account of confidence attacks on business men and an explanation of the many schemes and guises by which the reputable commercial or manufacturing men are defrauded. I think these matters can best be made clear by recounting a series of my own adventures and those of other men.

Generally the scheme aimed at the business man has a local character and very often it depends for its

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effect upon civic pride and the progressive spirit which every business man likes to display. Perhaps one of the oldest of such devices is the ice-plant swindle. This thing originated all of thirty years ago, but it is by no means dead.

Artificial-ice plants are now common in nearly all communities of any size, but twenty years ago only the larger towns were equipped and all smaller places were still full of opportunity which sharpers were quick to seize. The artificial-ice plant was a thing to appeal to the pride of any community. Again, it produced a necessity, a product in continuous general demand. Finally there is a certain mystery about the making of ice which always adds to the attractiveness of a scheme. Considering these things, gangs of shrewd men set out in various parts of the country to search for towns where ice plants might be needed. Finding such a town, the schemer approached the merchants and unfolded his idea. For fifty thousand dollars he would erect or remodel a factory, install a complete plant and begin the making of ice, which could be produced at such and such a price and sold at a very large profit. The schemer carried figures and credentials. He demonstrated his idea by the huge profits of ice companies in the big cities and by the evidence that artificial ice had everywhere driven natural ice out of the general market.

The schemer next began to discuss his idea in the local newspaper, dwelling on the plea that a place so progressive ought not to lag behind. He appeared before the local commercial club or merchants' association. He talked to the aldermen. In a little while he had the town behind him and his stock subscribed.

He now took over an old factory or erected a new one of the cheapest materials and in the most insubstantial manner. Next he brought to the town a mass of secondhand machinery recently discarded in some larger town. This he installed. All the visible parts of the plant were repainted and refurbished to look like new. But the heart of an ice plant is in the great network of pipes in the freezing tank. These are constantly submerged in brine and none but an engineer would dream of emptying the tank to inspect them. Here the schemer used old worn-out piping that would not survive the high pressures of an ammonia plant for three months.

His installations completed, the schemer summoned the business men of the town who had subscribed for the stock and gave them a demonstration. He turned out beautiful, regular cakes of ice before their eyes. He befuddled them with false figures, overwhelmed them with sanguine conversation. In the end they turned over the cash—fifty thousand dollars of it—and the swindler delivered the plant. It had cost him not more than fifteen thousand dollars, usually not more than ten thousand dollars. He took his great profit and went on to the next town. In a few months there was an explosion at the plant and the local business men were forced to summon an engineer, who disclosed the swindle.

A group of men who are known to me made fortunes out of this venal practice and several are still at it. I realize that this is neither a new nor a very intricate scheme, and the purpose of dealing with it here is mainly to forewarn small communities which may still be approached with this swindle. But the

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ice-plant game is the prototype of a whole family of frauds based on the same elements which have been and are being worked in a hundred variations and on business men everywhere. This type of game is that invariably practiced by a figure who has become eminent in popular fiction.

Attention should be called to the relationship of this imposture to the whole order of boom swindles. Real-estate-promotion games, population attracters, development schemes and factory-building bubbles are all based on the same factors and are equally fraudulent. What ambitious town has not been approached by the suave promoter promising a great new factory, a whole industry, shortly to be brought to the town, with thousands of employees and their families, enough to double the population? The purpose is either vending of wilcat stock or the resale of local real estate which has previously been acquired by the sharpers.

To what refinements this latter game may be developed will be seen from the amusing story of a set of western railroad shops which were not built in a certain city.

About fifteen years ago it became known that a prominent railroad was about to erect great shops in one of the smaller cities lying toward the middle of the railway system. Five or six municipalities were possible candidates for these shops, which would employ about six thousand men and presumably add some fifteen thousand souls to the local populace—a very important matter to towns of ten or twenty thousand people. For excellent reasons the railroad did not permit its choice of a site to be made known. To announce prematurely the fortunate city would have

meant a skyrocketing in local real-estate prices. Moreover, the railroad was waiting for the most advantageous offer from either of two cities which had already been secretly chosen as the only possible shop sites.

While the railroad waited and kept its counsel the six candidate cities carried on a fierce and acrimonious rivalry, which soon attracted the attention of some shrewd friends of mine. These gentlemen had access to confidential information and discovered that the railroad had been quietly buying land in a city which I shall call Lebanon. No money was to be made here, for the necessary acreage was already obtained. The clamor of the rival towns, however, touched the schemers with inspiration. They picked out the likeliest of the places on the disappointed list, made an inspection of the local situation and optioned a big tract through connivance with a real-estate speculator in the town—a tract that might have served for the shops as well as another and no better. A little time was now allowed to elapse. Then one fine morning two or three strangers were seen in town making surveys about this piece of land. Later one of these men was found consulting local real-estate men. He concealed his identity, but saw to it that gossip identified him with the railroad. The next morning the papers printed the report that an agent of the railroad was buying up land in the aforementioned district. The stranger was interviewed and naturally refused to affirm or deny the rumor. But he went on pricing parcels of land in a tract which he already had under secret option.

Now the conspiring local real-estate man came forward with the news that he had sold options on parcels in the chosen district, which was true and might be

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interpreted as one liked. Other reports followed. In a week the town was in a spasm of excitement. The stranger was none other than a land agent for the railroad. There was every reason for his secret movements. Overnight the greedy local people bought up lots and parcels of land in the chosen district at big advances over all recorded prices. Strange to say, no land could be had on mortgage—in this town where realty had been going begging for a generation! Even that did not rouse the suspicions of the local enthusiasts. They bought up every available lot for cash and sat down to wait for the shops, dreaming of the huge prices they would charge the railroad.

My scheming friends made their collections, divided profits with the local villain and departed. Two weeks later the board of directors of the railroad announced that the shops would be built at a town a hundred miles away.

The employment of a local man in the schemes of confidence operators bent on defrauding business men is a most common practice. Occasionally, as in the instance just related, this man is a conspirator. More frequently he is himself deceived and is used merely as a bellwether to lead the other sheep into the trap. This technic was used with great success by the promoters of a development concern which went to the wall four or five years ago and landed its principals in prison.

The promoters of this large company started with a cheap concession of land in Mexico. In planning to capitalize this grant they apparently had two things in view. They did not want to try outright stock-selling, for that meant dealing with the small fry.

And they were trying to use a plan which would evade the law and keep out the troublesome and inquisitive stockholder. Accordingly they formed a holding concern. This concern was officered with dummies, or instruments of the original promoters. A contract was now entered into between the promoters, who held the concession, and the company, by the terms of which the company was to turn over all receipts from the public to the promoters to be used in the development of the property. In return the promoters were to turn into the company the total receipts from the sale of the concession's produce—metals, timber, cattle and so on. The company was to sell to the public not stock, but contracts in varying amounts beginning at five hundred dollars. These contracts were to earn a fixed annual dividend of eight per cent. At the end of ten years the contracts were to be exchanged for participating stock of the company. The scheme had thus somewhat the appearance of a preferred-stock proposition. It offered the investor a fixed dividend and in turn froze him out of all participation in the management of the corporation. It got rid of the troublesome investigations of the small stockholder.

These contracts were sold by the company in large numbers and the receipts—less expenses—turned over to the promoters. The latter began to develop the concession after their own manner, it appeared later. They did sell minerals and lumber and they did turn over the total receipts from such sales to the company, which paid dividends out of this money. No one needs to be told that all this was highly irregular and finally fraudulent.

But the phase of the matter that interests us here

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deals with the manner of selling the contracts to the public. Agents of the company invaded the commercial and merchants' organizations of cities in all parts of the country and laid their proposition before business men, painting the lily and gilding the gold. This done, they made overtures to one or two prominent men in each community and invited these men to make a free trip to Mexico for the purpose of visiting and inspecting the company's properties there. All expenses were to be paid by the company and a high time was guaranteed. The result was that more than a hundred locally prominent men representing forty or fifty towns and cities were loaded into a special train and taken to Mexico. Wine flowed incessantly all the way out. Stops were made at important cities and the guests of the company entertained there, each according to his tastes. Hotels, resort houses and theatres got large sums of the company's money. And so did drinking establishments and places below the moral dead line.

Finally the fagged but hilarious party reached the Mexican town which was to be the terminus of the rail journey. An inspection of the property was now made from colorful local equipages or the backs of burros and horses. Mines, smelters, factories, lumber mills, cattle ranches, prospects were shown the visitors. It is true that most of them did not belong to the promoters or the company, but the hosts of the occasion were silent on this point.

After a great holiday the train started home and its passengers were delivered to various towns in the United States, overwhelmed with Mexico and liquid kindness. All these worthy gentlemen, or nearly all,

became boosters for this great and open-handed company. Thousands of contracts were sold to other business men who had confidence in their local leaders—and so the money went. I often have wondered how a local Pooh-Bah who has been taken in by such a scheme and caused his fellow townsmen losses feels when the bubble breaks, as it did in this instance, with the prison sentences aforementioned. The public loss was a million.

This is what is known as the follow-the-leader game. It is far from new, but it is prevalent everywhere and I give an account of it for the public protection.

CHAPTER V.

FRAUDS FOR THE WISE.

LET us observe for a purpose that all these little devices are aimed at numbers of men. They are not frauds against an individual, but against a town, a business community, a set of merchants. To all intents and purposes they are public frauds. The business man is caught by them, and so are other people, low and high. As a rule, such games are directed against the business man of the smaller town or against the smaller man generally. But it must not be suspected that the con man has in these days any weakness for the little fellow. That used to be the penchant of those jocund *vauriens* of old days. To-day, as I have said before, all that is changed. The confidence man knows that his game is worth a big stake. He has long ago discovered that the petty thief or swindler is far more likely to taste the bread of prison than the great scoundrel.

“Steal a thousand,” says the con man’s saw, “and they jail you; steal a million, they acquit you; steal ten millions, they build you a monument.”

What truth there is in this piece of cynicism everyone will say for himself. Howe’er it be, the confidence gentleman of these days acts on the principle implied. He likes big hauls and big men to deal with; so the finest and foulest schemes of the fraternity are

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no longer directed toward the small man of business, but at the great. And thereby hang my tales.

Do you happen to know how matches are made? Chances are you have a very vague idea, unless you have been through a factory. Not one business man in a thousand knows much about this industry. He supposes, of course, that matches are now made by machinery. He has heard that a trust has the match industry in hand. He is aware that war-quality matches were a scandal and a source of copious entries on the book of the angel who records profanity. Otherwise he is likely to be very nebulous.

Now it chances that matches have long been and are still to some extent made in two ways. In large modern plants, which make ninety-nine per cent of all the lucifers of the day, everything is done automatically by a line of beautifully balanced machinery, which takes in a log of wood at one point, a bath of paraffin at another, a first chemical dip at another and the friction ignition substance at a fourth point. This machinery cuts the matches, gives them their three dippings, sorts them for imperfections, counts them, feeds them into boxes, and pushes them out at the far end ready to ship. Even the cartons are printed and the wrappers stamped and pasted in this intricate device.

In an older development matches were made semi-automatically. That is, there was a machine for cutting the sticks, one for stamping the cartons, printing labels, cutting wrappers and so on. But in these plants, which are always small and primitive, the dipping, sorting, packing and counting has to be done by hand. Years ago, before centralized match interests

got hold of the industry, these small plants were very numerous. Little by little the big concern bought them up and closed them. In this process a few conniving gentlemen, with one of whom I was intimately associated, managed to get hold of the plants of several of these old-fashioned match works and with these our fellows did deadly execution for many years.

The associate of whom I speak was one of the leaders in this sulphurous game and died rich as a result of its potencies. There was an old-fashioned match factory in his town and when the trust bought it out this friend, whom I shall call Sealer, since that rather resembles his name, bought up the plant for junk. With it he set out on a series of amusing and amazing adventures.

One summer evening, about fifteen years ago, when the natives of Smalltown were taking the air on their porches, watching the burgeoning of the stars and listening to the last cheeping of the insects, a train drew in from Chicago and discharged a single passenger, whose name was Sealer, or so I say. He went to the hotel, bought himself as good a room as could be had, growled at the service, gave the bell boy a New York tip and went to bed. The next morning Mr. Sealer bought a small bit of cheap land at the edge of the town, held a consultation with a contractor whom he had summoned from a big city, and announced to Smalltown that he was about to build a factory. In thirty days the startled little town realized that Mr. Sealer was a man of his word, for there stood his plant—a low, flat, one-storied affair, but a factory nevertheless.

Just what he intended doing with this building was

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still mysterious, but machinery began to arrive. In another thirty days it had been completely installed, bright with fresh paint and polished metal, ready to begin labor, but still enigmatic. However, Mr. Sealer was shortly to take Smalltown into his confidence. He meant to manufacture matches and would employ at least fifty men and girls. The town was delighted with the idea. Even John Hannon, the local capitalist and real-estate gentleman, who had sold Sealer his factory site and grinned guiltily as he took the money, came to view the wonders Sealer had wrought. Smalltown had a new industry and no doubt about it. More than that, the industry became immediately industrious. Sealer and about forty assistants began making matches.

There could be no doubting the energy, sincerity and good faith of Mr. Sealer. He had come to town from nowhere, asked no man for anything, put up his factory, given employment to forty people and added to the population of the town a factory superintendent with his wife and six children. That alone was something. Just why Mr. Sealer had chosen Smalltown was a little recondite, to be sure, but perhaps he liked the climate or the water or the fishing. It was true he neither drank the water nor fished, but why argue?

It was soon observed that Mr. Sealer rather cultivated the society of John Hannon. Why, no one could imagine. John was as sour and shrewd an old citrus as ever grew in the North. No one had ever known him to give a nickel to anyone or anything, and it was said he had left the church because of the collections. Nevertheless, Mr. Sealer liked John Hannon.

At least he was with him more than anyone else in town.

Smalltown did not know it, but these two were talking business. Mr. Sealer wanted to borrow some money—as much as fifty thousand dollars. He was trying to talk John Hannon into making the loan. Hannon disliked and distrusted Sealer along with the rest of humanity and demanded security. Sealer promptly offered a choice collection of stocks in a great assortment of companies. Hannon investigated and rejected this security. Sealer immediately offered other collateral, which Hannon again looked up and found not to his liking—just as Sealer had expected, to tell the truth. Finally a third batch of security was offered and likewise refused. Then Sealer went to see Hannon in a huff.

“See here,” said the match maker with assumed anger, “what kind of security do you want?”

“Now, now!” soothed the smooth Hannon. “Don’t get excited, Mr. Sealer! You know I’d like to make you this loan, but I’ve got to be careful. I liked your last bunch of securities better than any you’ve offered, but not well enough to lend fifty thousand. Maybe if——”

Sealer interrupted him rudely.

“See here, Hannon,” he stormed, “I’ve got to have some money to extend my business, and I’ve got to have it quick. I didn’t want to mortgage my business, but I see I have to. My match factory is incorporated for two hundred thousand dollars in stock and there are one hundred thousand dollars’ worth of bonds. I own them all. I’ll put up the whole mess of bonds with you if I have to. I’ve got orders enough to net

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the interest on fifty thousand dollars seven times over and I can fill them in nine months. Tell me, how does that hit you?"

Gradually, by means of Sealer's repeated offers of security, Hannon had been worked up to a pitch where he was anxious to lend the money. But caution was second nature with him. He summoned an accountant from the city and went into Sealer's business. The report showed that Sealer had eight salesmen on the road—one would have been a great plenty. There were bonafide orders on the books for all the matches Sealer could turn out in a year, according to his own figures. He was now employing a force of seventy people and selling parlor matches to the trade at prices ten per cent under the market. In spite of this he was making a profit of about forty per cent on his business. Hannon read the report three times and went to see Sealer.

"How can you sell matches for less than the trust and still make forty per cent on your business?" he demanded.

"Easy," said Sealer. "The trust makes eighty per cent. That's why I went into the match game."

"You mean to say that——"

"What do you think they build trusts for?" demanded Sealer. "To make less money than other people? Monopolies are intended to keep prices up."

Hannon made the loan. At the end of six months Sealer defaulted on his interest. Hannon stormed and raged and helplessly foreclosed the mortgage, while Sealer angrily hurried out of the town. Then Hannon and Smalltown began to discover things. The factory had been put in the flimsiest possible way of

secondhand materials. The concrete in the floor was a half inch thick. The boiler was an ancient affair worth fifty dollars. It had been placed in new brickwork to conceal its age and rust. A new front had been put on to deceive the beholder. The engine was equally antique, but fresh paint and metal polish had made it look like new to ignorant eyes.

Sealer had been selling matches for less than trust prices, it was true, but he had been losing money on every box. He had orders—genuine ones—for several hundred thousand dollars' worth of matches, but to fill them would have bankrupted him ten times over. Hannon had been neatly taken in by a great sheaf of bona-fide orders, which Sealer had never meant to fill, and the plant had not cost Sealer more than five or six thousand dollars. Add to this the money he had lost on such matches as he did make and sell, and my friend was still twenty-five or thirty thousand dollars ahead.

A little later, when the plant of the match factory was sold at sheriff's sale, a junk dealer made the highest bid on the equipment, something like five hundred dollars. The whole works, except the building, was knocked down to him and he promptly dismantled the plant and moved it away. Two months later he was busily setting it up in a new factory in some other city. The smiling and genial Mr. Sealer stood by watching the proceedings with languid interest and lively anticipation.

"How long will the old scrap iron hold out, Charlie?" asked Sealer.

"For years if we treat it kindly, uncle," said the alleged junk dealer.

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And it did—to the discomfort of two score small-town capitalists who did not understand the match business. Sealer told me recently after he had retired from confidence that there were originally four of these migratory match factories. He had at last junked his own, but he believed two of the others were still on the road.

Who to-day does not know of the fixed-price institution? It is one of the results of modern advertising and standardization. A manufacturer who makes a superior article and pushes it in the market feels that he has a right to protect himself in the matter of price. This he does in two ways—by forcing retailers to sell at a fixed mark and by maintaining an unvarying wholesale cost. Often both methods are employed, frequently only the latter. Where this is the case the trade finds that it must pay a certain figure for the article, whether the order is for a gross or a million. The jobber does not always take kindly to such arrangements, since they limit his profits, and he has tried in various ways to break the manufacturer's hold. Everything else having failed, he has gone to court, but the manufacturer has generally been upheld. And there is nothing unfair about the whole practice. If a manufacturer pays out great sums to push his product into constant general use he facilitates the sales, quickens the turnover, simplifies the handling of stock and may thus legitimately expect the dealer to accept a smaller standardized profit.

But this plan breeds schemers, as does every other thing in life that promises profit. No one need be told that quick-and-easy money could be made overnight out of any standard article in general use selling at a

fixed price if one could but get hold of a large quantity at less than the set cost. But how accomplish this? The manufacturer will not cut his rates, no matter how large the order, and to sell a substitute for the genuine article means prison. The combination seems unbeatable, yet shrewd fellows are ever trying to beat it, and recently several of them succeeded.

One morning in the summer of 1917 a curt, well-dressed, busy young man presented himself at the office of a large concern which manufactures a widely known dentifrice. The young man's card meant nothing to the manager of the concern, but the accompanying message did. The man said he had come to buy. He was admitted.

"Mr. Blank," said the visitor, laying aside his hat and taking a chair with calm assurance, "my name is Doe. I am in the army contracting business and I need some tooth paste."

"That's what we're here for," smiled Blank.

"And I need it at the right price."

"Our price is as low as making a good dentifrice will allow."

"Let's not waste time," said Doe briskly. "I happen to know something about the business myself. I don't want to argue. It would get us nowhere. But here's my proposition: I have a contract for three million army field kits. Each one is to contain a tube of standard tooth paste and a brush. The brand of paste isn't specified. I can use whichever one comes cheapest."

"But you want quality for our soldiers, don't you?" the manager interrupted.

"That's why I'm here," Doe returned. "But there

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are other good pastes, some of them better known than yours. I use yours myself and I like it. I believe in giving the fighting men a good article. But business is business. I can't afford to use your paste at more money than I'd have to pay for another one just as good. Clearly, that would simply be throwing away my profit."

He paused. The dentifrice maker watched him and waited.

"Now, my offer is this," Doe went on. "If I can get three or four million tubes of your paste at a price well under the regular market I'll do business with you on the spot. I'll not ask you to bid against other concerns and I'll pay cash on delivery. The paste you sell me will not compete with your regular output. It will not disturb the market. It's merely a question whether you want to take this business at a close profit or whether you want me to take it to someone else."

"I think we can do business," said the manager, "but I'll have to see the directors."

"I'm in a hurry," Doe objected.

"Will an answer to-morrow do you?"

It would. Doe took his hat and his leave.

Before sundown the next day the sale had been made at a price three cents under the standard wholesale market. Deliveries were to begin within thirty days.

The manufacturers of the paste put on a double shift of workers, ran the factory night and day, installed some extra machinery and generally put themselves out to speed up this army contract. On the day agreed they began to deliver the goods, twenty-

one thousand gross of paste tubes. In spite of their promptitude Doe seemed to be highly impatient. Shipments went astray or were delayed and he telegraphed in, wildly demanding that duplicate orders be shipped at once. The result was that original and frequent duplicate shipments went forward to half a dozen points in the East, South and Middle West to fit the kits for the men training in the various camps, the manufacturers believed.

In this way Doe eventually got hold of about a third more of the paste than his original contract called for. He had four million tubes at three cents under wholesale. But if he had tricked the manufacturers into swelling their order he was a man of his word in other respects. His certified checks came in with laudable promptness and the whole business was cleared up in very short time. The manufacturers now laid off their extra help and resumed manufacturing at the old regular rate.

But suddenly something happened. Salesmen found the jobbers in all sections of the country loaded up with the tooth paste. Mail orders ceased coming in. Paste began piling up and mounting up in the ware-rooms of the factory. The place got so choked with paste that the vats were emptied and the factory closed down. A lurid and painful light broke in upon the startled and confounded manufacturers.

The suave Mr. Doe was just a very modern con man. He had got four million tubes of paste at three cents under wholesale and resold the whole lot to the jobbers at half a cent under the usual price. The country was stocked up with this standard dentifrice for months to come and Mr. Doe had in his pocket a

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cool hundred thousand that should have lined the portfolios and bank accounts of the tooth-paste stockholders. A simple con man with a plausible story and a shrewd approach had put it over on a first-grade manufacturing firm.

I know this young Doe person and know him well. His real name does not matter.

But I may remark in passing that other manufacturers fell before his guileful attack. For instance, he went to a widely known manufacturer of hair tonic and told this tale:

He was the head of a firm which had about three thousand medicine wagons traveling through the remote and rural parts of the country, vending various toilet articles and patent nostrums. Heretofore their business had been in cheap and worthless products, but the people were now so sophisticated that there was a demand for standard goods only. Hence it was purposed to reconstruct the entire business, to equip all the wagons with first-class merchandise and to enlarge very greatly. Doe again carefully pointed out that this market was one which had never before been reached by the products of the firm he had approached. Thus the hair dressing sold from his wagons would not compete with the regular output.

The manufacturers sold him a huge order at a great cut in price—and for four months afterward no wheel turned in this factory.

It is with some reluctance that I expose this clever game. I have set out to lay things bare, however, and the manufacturer is as much entitled to my aid, such as it is, as anyone else.

CHAPTER VI.

THE WONDERFUL WINDOW CLOSER.

ALL Americans have a great weakness for patents. We have read in our school books of the epochal inventions of some of our countrymen; we have been taught to believe that Americans are natural inventors; we have seen huge fortunes reared before our very eyes on the foundation of some apparently trivial device. We know that next to natural resources mechanical inventions have been our greatest source of wealth. Just how we know this is decidedly uncertain, but we are like the Tibetan—what we believe is true.

So many staid and solid men are led into financial bogs by the fen fire of the patent. I shall have to refer to this again and again as I proceed to unfold the story of con, for the inventions game figures in the mulcting of every class and kind of citizen. The crank inventor we all know and treat with indulgence. The humble fellow who invests in the stock of some wildcat patent concern has the pity of everyone. The bona-fide inventor who is juggled out of his right and rewards by financial sharpers is all about us. But for all this we have generally not the faintest idea to what limits the fraudulent use of inventions and inventors is driven by con men. Nor do we apprehend the shrewd, experienced, hard-headed character of many of the victims.

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The con man knows that many a business man who has made his pile in some industry he understands nourishes secretly the conviction that Nature intended him for an inventor. Many of these men indulge their spare hours with mechanical devising. Many of them take out patents on one thing and another, mostly on wholly worthless but ingenious contrivances. For such people the sharper is ever on the lookout. I was myself in my day, so I speak from profound conviction.

A few years ago I was idly running through a newspaper which lists the patents granted, the names and addresses of the patentees and gives a description of the devices. I really wasn't looking for trouble, but it came my way. On an inside page of the paper I discovered that John Smith had taken out a patent on an automatic window closer. Smith was known to me by reputation. He was a very wealthy retired merchant and landowner living at the time on a large estate, not more than a million miles from the town which I then called home. Naturally, a patent taken out by such a man interested me. What was a millionaire, who had long since given up money-making, doing in the patent game? Surely this was some quirk of the old man.

The thing bothered me and I made some inquiries. I found that Smith was the sort of rich man who refuses to pamper himself with such accommodations as the valet or personal attendant. He lived on his large estate in a great house with as few servants as possible. Ergo, when Smith wakened on frosty mornings he got up and shivered to his window like millions of other sovereign electors. He closed his own

sash, turned on his own radiator and went quakingly back to bed to wait for warmth.

I could see most lucidly the genesis of Mr. Smith's patent. Like so many of us, he had dreamed of a device that would close the window and throw on the steam without taking the cosy yawner from his bed. Smith was a man of action. Cold floors and icy rooms had driven him to the deed. He had worked out and patented the window closer and steam gusher. No doubt, being a practical soul, he was now anticipating great rewards. It seemed to me that I ought somehow to share in them.

A few days later a man in my employ, who had been chosen for his ability to play the part, appeared in Mr. Smith's town and asked for an interview with the inventor. Smith received him and gave him a demonstration.

To the large central window in the rich man's bedroom was fixed a contrivance of weights and pulleys looking for all the world like the familiar exercising machines used in all gymnasiums and many homes. That was indeed what it was, but it served a double purpose. At night, when the window was opened for sleeping, the weights were drawn up and the cords attached to the sashes by a convenient hook. This hook was electrically controlled. When a button at the bedside was pressed the cords were released and the weights pulled down the lower sash and pushed up the upper sash, closing the window. At the same time a butterfly valve on the radiator was thrown open and the steam rushed into the pipes. Simple, ingenious and not without humor. Mr. Smith explained that his invention was both a window closer and an

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exerciser. It could be sold practically for the price of the ordinary weight machine and the cost of electric installation was small.

"Very satisfactory," said my agent. "I think there is a great business opportunity in this thing."

"Every house and apartment in the country will have my device in the bedrooms within five years," said Smith.

My man was somewhat more conservative than that, but he displayed the necessary enthusiasm and wanted to buy the state rights for New York. Smith was delighted.

"We can do business on that line right off," he said. "And I'll make you a liberal proposition."

"How much for the exclusive rights in New York State?"

"Eight thousand."

"Pretty steep."

"Not for a thing like this."

They haggled and haggled, but eight thousand dollars was the price and the rich inventor stuck to his mark. Finally my man came into the open. He was willing to pay the price, but he was a poor man who expected to pay for his rights out of his sales. He was ready to pay down a small sum to bind the bargain and the rest as he made his sales.

"How much down?" asked Smith.

"Well," said the agent lamely, "all I've got with me is about three hundred dollars."

It seemed too small to the infatuated inventor, but my man pointed out to him that no factory had been built and it would be six months or a year before the window closer could be produced in quantities. Fi-

nally they struck a bargain. The initial payment of three hundred dollars was merely a bargain binder. Smith was to build a factory at once and begin the delivery of his machines within six months. Ninety days after the first quantity deliveries a payment of one thousand dollars was to be made. The remaining six thousand seven hundred dollars fell due at intervals extending over the second year. A complicated contract was drawn, legally witnessed and signed. My agent paid his three hundred dollars and departed in peace.

Three days later I wrote Smith a letter and an impressive one. He responded at once and invited me to call on him, which I did. He gave me a demonstration of his device, bubbling the cold enthusiasm of old age as he talked. I wanted to laugh at him, but pretended to be enormously impressed. He finished his demonstration and took me downstairs to a fine library and a good cigar. While we smoked he blew off some additional enthusiasm and I let him rage.

"It's like this, Mr. Smith," I said, when he lulled. "I'm in the promotion line. My firm takes promising patents of this kind, buys them outright and either sells them at a profit to manufacturing concerns or finances them and puts them on the market. I've seen enough of your device to want it. What will you take for the whole thing?"

He thought for a long time, scratching his head and figuring.

"How'd a hundred thousand in cash hit you?" I interposed.

He pretended to be a little disappointed, but I could

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sense his joy. We haggled a little and agreed on my figure.

"Of course," he said at last, "I don't have the pleasure of knowing you, Mr. Crosby."

"I'm ready to guarantee good faith," I returned. "Come with me to your bank and I'll draw on New York for ten thousand dollars."

We went to the local bank and I put in a draft. It was paid within twenty-four hours and I took Smith to his own bank and showed him the money. His doubts were allayed. We walked back to his house and began to map out details.

"You understand," I said at the proper moment, "that what I'm buying is the absolute, complete and exclusive right to manufacture and sell this patent."

Smith suddenly remembered that he didn't have the complete rights to sell. Almost sheepishly he informed me that he had already disposed of the New York State privilege. I looked apoplectic with anger and consternation.

"What?" I cried. "You've sold the heart out of the rights?"

"I guess I have," he admitted.

"For how much?"

"Eight thousand."

I grew voluble with protests and explanations. New York State was the very cream of the country. Here it was that there were people with money who would equip their houses and apartments with such devices. New York State was half the country for such an article. We must get back the New York rights.

"How can I?" he asked hopelessly. "I sold them ten days ago and took the money."

"That's up to you," I said coldly. "All I have to say is that I can't buy without the New York rights. I want the whole thing or nothing."

With that I left.

Mr. John Smith did a lot of thinking. He was a sane business man. He knew that one hundred thousand dollars in the hand was worth the finest patent in the bush. He telegraphed to the owner of the New York rights and asked for an immediate meeting. My man went to see him and refused to give up his contract. Smith argued and bullied, but it was no go.

"In heaven's name, what do you want?" he exploded finally.

"If this contract was worth eight thousand dollars to you it's worth that to me," said the agent. And they did business.

Smith bought back the New York rights and sent for me. Strange as it may seem, I had suffered a change in heart meantime. I had discovered other devices similar to Smith's. There were, in fact, such mechanisms on the market and one I had seen proved to be simpler and cheaper than his. All this I wrote him with the word that I was sorry to withdraw my offer.

I have never seen the venerable inventor since. But I did see my hired conspirator. He brought me Smith's eight thousand. I deducted the three hundred dollars my agent had paid down, struck the expenses off the sheet, paid my man a thousand for his trouble and put the rest into my bank with the ten thousand dollars which I had meantime redrafted from New Jersey. Not a great haul, but a pleasant one.

Whoever has traveled through coal districts has seen

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the huge black mounds thrown up about the anthracite mines in all the coal cities. These great piles consist of the coal dust, or refuse, the by-product of cutting coal to sizes. It has no value and every effort to convert it into usable shape has failed. It is called culm. For many years various people made experiments with this culm, trying by one means or another to press it into nuggets or briquettes so it might be burned. The problem here is in the binder, which must be some cheap, mucilaginous and inflammable substance. Coal tar might serve, but it is in such demand for chemical purposes that it is out of reach. Paraffin would be even better, but that would be burning gold. The only practical substance is asphalt and that is none too cheap.

Nevertheless, many experiments have been made with the culm and an asphalt binder. The lure has always been the fact that the mine owners are willing to give their culm piles to anyone who will agree to move them. They are not only useless and unsightly, but they occasionally burst into spontaneous flame and endanger property. Now something free has irresistible allurements to most of the human breed, and so with culm. But culm briquettes made with asphalt have always failed. Put into a furnace or stove, they melt before they burn and form a mass through which no draft can penetrate. They clog the grates with huge molten clinkers and are a delusion and an abomination. The trouble is that most people are not informed on this subject. This last fact I knew and I used to make it a rule to profit by such knowledge.

Accordingly some years back a friend and I set out to exploit the culm piles. We built a small model

machine for making briquettes out of culm and a binder. It was worked on an endless-belt system and did the whole work automatically. The culm and binder were fed into a hopper at one end. The machine mixed the constituents, molded the briquettes, passed them through an oven, where they were dried, and spat them out into loading cars at the far end. We set up the machine at a city a short distance away, in order not to be too near the mines, and waited for a sucker.

I was returning from a trip to Chicago sometime afterward when I fell into conversation with a substantial-looking man who turned out to be a manufacturer and merchant. He was on his way to New York for a pleasure trip. As the train passed through the coal fields I drew his attention to the great piles of culm. I was interested in them and expected to make a great fortune out of them. He was immediately receptive and I told him a romance of culm. It could be had for nothing. The mine owners might even pay something to have it removed. Coal had always been so plentiful that no one had yet devised a way to use this product, but now I had done it. He was curious and I mysterious. Finally he confided to me that he had means and might go into a deal of the kind. I went on to New York with him and built him up.

Without going into all the details I soon had him in a mood for business and took him to the city where I had the machine set up in a rented little factory. We made a few briquettes for him. He liked the machine immensely. Most people have a weakness for an ingenious piece of mechanism. It is the toy instinct

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grown up. Our man liked to watch the briquettes come popping out of the machinery. He played with the device for an hour. Then he lent us one thousand dollars, taking five thousand dollars' worth of our stock—face value—as security. With this thousand dollars we were to ship in culm and buy asphalt. He would return home, whither he was bound, and if we could do what we said he would finance us.

No written contract was drawn. Neither side wanted it. Our main object had been to get a little of his money into the enterprise, for most men will follow an invested dollar with ten or a hundred.

Now we set to work. We bought a few barrels of asphalt out of his money and we shipped in a carload of culm. The expenditures were carefully recorded so our backer might see for himself the cost of production. At the same time I bought a large quantity of unrefined paraffin, paying for it out of my own money and carefully concealing both the paraffin and the transaction. We then made up a fine batch of briquettes consisting of about three parts culm and one part paraffin. Naturally, this stuff burned furiously, making a stupendously hot flame and leaving only an impalpable dust for ashes. Such fuel would practically do away with grate cleaning. And well it might. It cost something like fifty dollars a ton to produce.

We had a fine collection of briquettes ready when our man returned. He took several bushels of the product to New York with him and tried them out in a friend's fireplace with gratifying results. He came back full of glee and commanded us to ship a few tons to Michigan so that he might try them in his

factory. Then he sat down to figure with us and we did some ground-and-lofty gymnastics in mathematics.

We represented, to be sure, that the briquettes were made of culm and asphalt. Secondly, we represented that the proportion of asphalt to the culm used in our mixture was one in eleven. The true proportions are about one in four. Since the culm is free and the asphalt costs the money, this made a very vital difference in the cost of production. Our friend went over the figures very carefully, calculated the amount of asphalt that was gone—we had dumped it into a convenient creek—saw that we had turned out several tons of briquettes and felt satisfied. He demonstrated with our aid and to his own satisfaction that we could lay down a ton of briquettes at his factory in Michigan for half the price of anthracite. With these calculations in his portfolio our manufacturer hurried West.

He wrote that the experiment with our fuel had been made and proved highly satisfactory. Time wore on and we expected him at the factory from week to week, but he did not come. Finally when the term of our loan was about to expire he appeared. We gathered in our small office and our backer cleared his throat.

“Well, boys,” said he, “I suppose you’re ready to take up this note?”

“Aren’t you going to stick by your agreement and finance this thing?” I demanded angrily.

“What agreement?”

It was true there was only a verbal understanding. The man of money had us and he knew it—so did we—all along. He meant to keep our stock—five thousand dollars’ worth for his one thousand. He saw

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that we had a great proposition and he meant to hog all he could. Naturally, we got up our indignation to the boiling point. We reproached him in every forbidden term and ordered him out. He went—smiling and snarling.

A passion of correspondence ensued and was succeeded by a tornado of conferences. We negotiated, we threatened, we begged. This was our idea. We had spent years in working it up. We had put our savings into our machine and our experiments. Did he mean to rob us? No, but he had a block of our stock and he meant to keep it. Business was business. That was his invariable and final answer. How sweetly it tinkled in our ears! How wonderful this pronouncement of greed and crookedness always sounds on the lips of a dupe. I have heard it a thousand times from men who thought they were doing me and were, in fact, about to be done—and my heart always leaped up at those pregnant words. Business is business!

Finally our negotiations came to an end. I simply told our man that he was a crook and had taken advantage of us. We could not and would not remain in partnership with such a person. It was a case of him out or us.

“What’s your proposition?” said he with an ironic smile.

“We’ll give you two thousand dollars for your stock, twice what you gave for it; or we will sell you the whole thing outright.”

“How much?”

“We’re incorporated for one hundred thousand dollars and we’ll take thirty thousand dollars cash for the works.”

He laughed at us. What did he want with more than a controlling interest? We assured him that a control was not for sale. It was a straight buy-out or nothing, and we would not move a wheel so long as he was a stockholder with us.

This gentleman had counted all along on making us angry and then destroying us after the fashion of the gods. He had counted on clearing us out of the way for a few thousand. Our price was much more than he intended paying, but we knew how to compel him. At the right moment an engineer representing a fictitious buyer in Pittsburgh appeared on the scene, went over the plant and held a series of mysterious conferences with us. Our man took alarm, brought us thirty thousand dollars in money and closed us out.

I hope he has succeeded in making burnable briquettes out of culm and asphalt, but if he has the world has not yet been apprised of the marvel.

CHAPTER VII.

GOLD AND GREED.

ACCORDING to the government statistical bureau, the state of North Carolina produced seven hundred and fifty ounces of fine gold in 1920 and the market value was fifteen thousand seven hundred dollars. The preceding year North Carolina's mines turned out one thousand one hundred and thirteen ounces, which sold for twenty-three thousand dollars. The state contests fourteenth position in the matter of gold riches with Wyoming. Plainly neither of these communities can rank gold as any important source of wealth. However, these are only the government figures and no one need be told how unimportant are such factitious things to the enthusiast—and the con man.

A number of years ago a gentleman of my acquaintance, who had a small but legitimate gold claim in North Carolina, asked me to help him incorporate a company. I went South with him, looked over the ground and saw there was little to be got out of his claim. But he wanted a company formed and I accommodated him. That was all I ever had to do with this affair, but the latent gold fever I had discovered in Carolina, which region no one at any distance ever associates with the gold country, had given me an idea.

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It was a blowy March morning in 19— when two rather seedy men appeared in the general store of Mr. Green, merchant, mayor, banker and boss of his community. Mr. Green's town was one of those antique, leisurely, prosperous Southern places, not greatly altered since the Civil War; slow growing, slow acting and thrice slow about giving up anything. Mr. Green was of his town. In his own opinion he was the town. For this there was some justification. From the office of his store, where he looked out upon every customer who came his way, Green directed most of the public and private affairs of the community. He was rich, hard, inflexible and domineering. But his town liked him just the same. And the two men who had just entered his store came to like him too in time, though for reasons entirely adventitious.

Green watched these two strangers with unusual interest. I know, for I was one of them. I don't deny that there were reasons for the merchant's concern. His strange customers were buying an unusual set of articles. First, two sides of bacon and a bag of flour, then a small list of groceries, next pans and skillets, a tent, pick and shovel, a shotgun, powder and shot, a shell-loading machine and, finally, several wide flat pans went into the possession of the strangers. They paid in cash, bundled up their purchases and went away. An hour or two later the strangers bought an aged horse from a dealer. Wherever they went they attracted attention. The town was not used to fellows of their look and was stung with curiosity. A girl reporter on the local newspapers approached the strangers and tried politely to find out their busi-

ness. They indicated that they were miners—without saying so. The next morning the newspaper reported that two strange prospectors were in town. That was apparently all the visitors wanted, for that night they struck out from the town afoot with their pack sagging sadly on the weary back of the ancient steed.

I had felt the need of a vacation for a long time and been too busy to take one. Now I was having my holiday at last and I was combining business with pleasure—as was my custom. It was spring. The fields and hedges were already abloom. The air was full of birds migrating north. The days were pleasantly warm and the nights not too chill for comfort. A month or so in the outdoors of a Carolina spring-time had very definite allurements. Besides, there was the matter of a gold claim. Some weeks earlier I had been through this region in very altered dress. I had noted this town from which my partner and I were setting out and my appraising eye had measured Mr. Green. Liking him as a prospect, I had gone to some trouble to buy up a piece of waste land on both banks of a rocky creek about twelve miles from the town. Just how he was connected with the land I must explain at a proper time. In any event I was a landowner in North Carolina and set out to spend a month on my property. A week after my departure from town I reappeared, riding my shaky horse. I went to Green's store and asked to see him.

"I've got a little gold here, Mr. Green," I said. "It's not refined yet, but there's very little sand in it. I wonder if you can negotiate it for me."

With that I produced a small canvas bag and laid it on the counter. It contained about three ounces of

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gold dust and little nuggets along with a few pinches of dust and sand.

"Be glad to, glad to," said Mr. Green, pouring out a little of the gold into his hand. "I'm a director in the bank here and I'll have them attend to it for you."

I thanked him, asked him to credit me on his books for whatever the gold might bring, bought a few grocery items and rode off.

At the end of another week I returned and turned over a slightly larger bag of gold to the merchant. He held the thing up hesitantly and I could see he was itching to ask questions, but he contained himself and I went away, only to return in four or five days with still more gold.

"I don't like to keep much of this stuff round the camp," I told him. "It's easy to steal and hard work to pan out."

"Glad to take care of it for you," said the accommodating Green.

"If it's any trouble to you I'll open an account with the bank," I suggested.

"Oh, no, no—not a bit of trouble!" he protested hastily. "Of course if you think the bank is more secure——"

"Not at all," I said. "I simply didn't want to be a burden."

"That's all right," he smiled. "Just bring your gold here and I'll see that you get honest value for it."

In a week I visited him again. This time my gold bag contained about six ounces. Green could contain himself no longer.

"You've struck gold, have you?" he half whispered as he gave me a receipt for the precious stuff.

"Looks that way," I answered.

"Where?"

"Twelve miles out on Swamp Creek."

"Your own land?"

"Yep, bought it last month."

"Come into the office," he suggested suddenly. "I want to talk things over."

Mr. Green tried to get a deal of information out of me and I was willing—within certain limits. We had struck gold in paying quantities, as he saw; only two of us were working; we were using the most primitive methods.

"Wouldn't you like to interest some capital, put in some modern machinery and get the gold out in a hurry?" he urged.

I was very wary. People who took capital into their mines usually got skinned. We were taking out eight ounces or so a week. In a year we'd have enough to make a payment on machinery. Then we'd have the whole thing to ourselves. I thanked him kindly, but felt I wanted to keep my gold claim for myself. But I did not neglect to invite Mr. Green out to see the property and promised him a chance to wash out gold with his own hands. He accepted almost feverishly and we set a date for his visit.

That night my confederate and I sat up very late loading shotgun shells with our loader. First the powder and a wad, and then—gold; coarse dust and small nuggets of gold. It was no small job for a pair of tenderfeet to load a couple of dozen shells in this way, but it was worth the effort, fear not. At

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dawn we were astir. At intervals along the creek, where there were perpendicular banks of soil, we stood off a few feet and fired our golden shot into the loam and clay or into the sandy banks of the stream. It was raining slightly and the water obliterated all scars in the soil that might have betrayed the entering passage of the precious charges. Thus Nature assisted in the conspiracy.

Mr. Green came to visit us, driving a fine team and bringing with him some forbidden liquids. He looked over our sorry little camp with something of contempt. Then we led him out to get some gold. We explained that the gold had been deposited in earlier ages by the stream and that it must be sought in the marl and clay of the banks. If he would take his shovel and cut down a few feet of bank he might convince himself. Mr. Green went to work, cut down some of the soil where we indicated, scooped up a panful and was instructed in the art of panning. He learned quickly and soon delighted himself by washing out a pinch of gold dust. He tried another location and got even better results. He put in an hour till the sun got too ardent for him. Then he sat down under a great tree, uncorked a bottle and grew confidential.

It did him no good. We flatly refused to let him put any of his money into our enterprise. That, you may well imagine, was not our game.

Green went away disappointed and I saw nothing of him till the end of the week, when I again appeared and turned over a few ounces of dust. He asked me then if I would object to showing the claim to one or two of his friends. I told him I didn't like the

idea, and I really didn't, for the calling in of outsiders nearly always ruins even the best of schemes. But there was nothing to be done, so I had to let him bring two cronies. For their coming we again prepared the creek banks by the nimble assistance of our shotgun. In due season Green and his associates paid us their visit, panned out enough gold to make their eyes water, tried again to talk us into taking in a partner and went their way disappointed.

I saw that Green was hot if ever he would be and determined not to go near him till he sent for me. Ten days passed before I heard from him and then it was from an unexpected direction. I was suddenly notified in a letter from an attorney that a claimant had shown up to contest my title to my land. I was not slow to understand, you can imagine, and hurried to see the lawyer. He advised me that one Jack Seward had engaged him to bring suit for the recovery of the land which I had recently bought. My land, it was explained, had formerly belonged to Seward's family, but had been neglected and finally sold for the school taxes. The courts had frequently held titles invalid when it was shown that the land had been sold for taxes without the knowledge of the owners. It was alleged that this had happened in my case.

"Well, what do you intend to do?" I asked.

"First of all," said he, "we intend to enjoin you from removing any more gold from Mr. Seward's farm."

So, so! He knew about the gold! That meant only one thing to me—that Seward, whoever he might be, was merely a dummy employed by the cunning Mr. Green. Who else knew about the gold? The mer-

chant had evidently abandoned hope of persuading me to his ends and was ready now to trick me out of my claim or to frighten me into a more reasonable frame of mind—probably the latter. I made what investigations I could and everything convinced me that my surmise was right. I decided that two could play at such a game, but I felt a bit uneasy. Green was the big man of the town and not so many years ago in the South local chieftains sometimes got away with murder. Nevertheless, I went back to my camp and let things develop. In a few days Green came out to see me. He didn't mention the fake claimant, but came to make us an offer. He made it and I laughed at him.

"Mr. Green," I told him, "I think this land is full of gold and I expect to get rich out of it. I don't want to sell, and I wouldn't dream of dividing with anyone. But since you're so anxious I'll make you a proposition. I'll sell you the claim and quit the country for two hundred thousand dollars. If the land is what I think you'll make a tremendous profit."

Green sat for a time whistling and thinking. Then he made up his mind.

"That might be all right," said he, "if you had a clear title."

"My title's as clear as any in this God-forsaken country," I spat at him, "and your fake claimant doesn't cloud it any."

Green grew voluble with denials and protestations. I sneered at him and walked away. Three mornings later I appeared at his store and passed another bag of gold dust over the counter. He seized the opportunity to resume negotiation. That was what I'd

wanted. We talked for an hour and I reluctantly came down to one hundred thousand dollars in my demand. But we could not agree, quite as I had foreseen. For the next week there were almost daily consultations between us. I saw that the old man was more anxious than ever, and I was honestly getting more and more nervous about his fake claimant and the outcome of any contest in the courts. Besides, I couldn't afford to stay in North Carolina and keep salting my claim perpetually. With a gesture of weariness and disgust I laid my final offer on the table—fifty thousand dollars cash for the claim or an end to parleying.

“Too much,” said Green tersely.

“Very well,” said I, “then we’re done. I’m going to wire my attorney in New York to-night and get him down here.”

I went out, crossed the street to the telegraph office and wired my attorney. I had previously written him all necessary details and he knew what to expect. In answer to my wire came a night letter asking me to hold off a few days as he was dickering with “some interested parties.” I knew that Green would see these messages.

Meantime I went back to my claim and spent a few days fishing. The following Monday morning, however, I appeared in Green's store with a bag containing more than twenty ounces of gold—by far the largest haul I had brought to his counter. He stared and wanted to renew negotiations. I told him curtly that we had closed that matter.

While he watched me I again crossed the street

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to the telegraph office and sent my attorney in New York this message:

"Bessie W. gained twenty ounces in two days. Ready talk business and show goods if your people are in earnest. Wire time of your arrival here. Have local nibble."

Early the next morning came this answer:

"Leave New York to-night eleven-forty-five. Arrive Thursday four."

As I left the telegraph office Green, who had seen both messages, I felt certain, stopped me in the street, dragged me into his office and stormed in this wise:

"If you want to get anything out of your claim you and I have got to do business, that's all. I want to be fair with you, but refuse to let you skin me. I'll give forty thousand for your whole shooting match and not a cent more. Take it or leave it."

"I'll take forty thousand and my expenses," said I carelessly.

"How much is that?"

"The trip, my equipment, the trip home, the land and all the rest stand me about three thousand."

"Take it and be damned!"

We went to an attorney and drew up papers which were signed and witnessed.

The formalities over, we went to the bank. There wasn't enough paper money on hand to pay me, but a messenger brought it from a near-by larger city by afternoon and I was paid off. I packed the bank notes awkwardly into my valise like any rude prospector and went back to camp to pack up. That night

my pal and I departed for New York, leaving forever in our wake the Carolinian land of gold.

All of which goes to show that claims are still being salted in this vastly enlightened twentieth century.

And so, my good Colonel Novena, the traffic keeps up. Strange tides have washed up marvelous flotsam on the shores of hazard since your time. Wondrous birds have left your nest. We are not so beautiful as you in these days, and Fifth Avenue is strangely cold. Still we have accomplishments of a sort, and perhaps even some graces which you lacked.

CHAPTER VIII.

PATENTS AND PIRATES.

AS a young man I, too, had a head full of dreams. The admission may sound grotesque, coming from a man condemned by his deeds, the courts and his own confession. Dreams are the vanities of the young, the pure and the poetic, are they not? Well, at least I was young once. I sometimes think we all build our fortunes and misfortunes of dreaming—the good and the bad, the poets and the clods, the felon as well as the genius. There are scientific gentlemen who contend that the hair is very fine that divides the divinely gifted from the criminal and the lunatic. I don't know about that, but my collaborator pertinently reminds me that it was that great engineer and greater visionary, Ferdinand de Lesseps, who perpetrated the vastest and costliest fiasco of the nineteenth century at Panama. Here was a dream that overreached itself, only to become after a time a wonderful reality. As for me, I never lifted my fancies into such lofty ethers, but I did a lot of soaring of a sort.

All my life my imagination has wandered round in the region reserved for the inventor and when I was young there was high purpose in my thought. I was never, let me hasten to add, one of those fanatic simpletons who pester every community with their

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absurdities, nor yet one of those guileless idiots forever creating useless intricacies and expecting to find the touch of Midas in a tin shoehorn. These people are the rag, tag and bobtail of an idea that has obsessed our countrymen for a generation—namely, that we are a race of inventors. The genuine investigator, technician, scientist, mechanic, discovered, has a lively contempt for these unhappy people, for they make the real inventor endless trouble and embarrassment. Whatever else you may say of me, let this be understood: I was in my day a real inventor, and that means something to me.

We do not often stop to think that invention embraces the whole mental side of human history or that it is the complete stuff of progress. The first ape that used a club, the earliest Neanderthal who struck sparks from his flint arrowhead and nursed them into fire to warm his cave, and the latest astronomical expert devising some titan mechanism for sounding the purple distances of limitless space are brothers in invention. Invention of one kind or another is at the basis of all civilization. Naturally, it plays a great part in the life of everyone and the dreams of everyone. The man who finds some new principle of physics or some potent way of applying an old one may change the trend of the world's affairs just as surely as a great thinker or a great conqueror. That is the idealistic side. A man may make himself rich beyond counting through some simple useful machine, and he may do it as easily as by finding a gold lode or plundering Wall Street. That is the practical side.

When I began there was more idealism than selfish-

ness in my fancies. Later the altruistic receded into a shadow, and still later, I regret to report, the practical consideration became so developed that it left me no sense of proportion. Here the con man succeeded the inventor. Many men have been over this rough bit of road. It is all downhill and not hard to negotiate, though one gets considerable jolting en route.

Half the men born in America are incipient inventors and the other half susceptible to the inventions bug. Patents are the great national weakness. We have all seen the mechanical wonders created by our countrymen. We have watched some inventors pile up vast fortunes from their works, and like good human beings we have forgotten the others who did not. As I have said before, natural resources, triumphant speculation and inventions are the golden triplets of the popular mind. Even the most poorly informed know that many patents yield no profits, but they know, too, that most prospectors find no gold. This fact does not diminish the average man's enthusiasm for gold mines. Neither does the shorn lamb keep his brothers from the bleak winds of Wall Street. To ourselves we are all wiser and cleverer than the poor dupes who get fleeced—until we, too, are clipped. Then we go back for more.

This pink optimism is a wonderful provision of Nature. Without it there would be no speculation, no credit, no business and no con men.

The socialist will tell you, to be sure, that he has a scheme to change all this, but I think him something of a con dealer himself, and meantime the world is as it is. It was to explain and expose some of the

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fraudulent intricacies of this world of reality that I set out. Perhaps I shall be able to save some men from the toils of con. Enlightenment cannot but do some good.

A dozen times every year I see the old familiar literature of the inventions-scheme stock salesman. You know it, all of you. It starts out by calling vociferous attention to the huge profits made by those who bought the original stock in the telephone, the automobile, the talking machine, the air brake, the adding machine, the typewriter and what not. It winds up by inviting you to share the gains in some new wonder. Great and potent argument, this—having led many a sucker to his fate.

Now it is far from my intention to brand all inventions-stock promotions as frauds. Here and there these things really pan out. But I do mean to point out the extreme rarity of this happy dénouement, and I intend to recite a number of typical fraud schemes so that you may recognize them when they come your way. I do not even mean to say that all men who promote inventions that fail and lose money are scoundrels. More often the man behind such schemes is an inventive dreamer with a genuine mechanical and financial vision swimming before him. But the man is full of a most uncertain urge. When—rarely—he succeeds he becomes what he dreams himself—a scaler of strange new heights. But far oftener he sinks into unforeseen bogs, led by his own *ignis fatuus*. And he carries down with him those who gave him their faith and money. Further than to utter a general warning, I have nothing to do with these honest dreamers. My function is to deal with con as applied

to real or fake inventions and to show how a certain class is constantly victimized through machinations in this field.

The con man can always find a list of the professional men of any city. The directory and telephone book are as good for this purpose as anything else. Thus he needs go to no trouble in preparing a sucker list if he has a scheme for the palate of the doctor, the lawyer, the dentist, the editor and writer, the technical man and the engineer. Moreover, such people are always accessible. A man may call to have a tooth pulled and stay to play a con game. But this is not the only charm that attracts the con man to professionals.

A little knowledge is a dangerous thing, as the lady motorist remarked on regaining consciousness. The average professional man possesses that perilous little knowledge of many subjects alien to his immediate calling. He has nearly always some idea of the working of mechanical and electrical devices. He is progressive, informed, sanguine. He feels the kinship of the quasi-scientist with the sciences. But he is seldom well enough equipped to discover the fraud lurking deep in the dark vitals of a new idea. Thus he is an excellent target for arrows of con. Some sharpers who deal solely in inventions tricks play to the professional man exclusively, so that millions have been mulcted from this class and other millions are still being extracted—painlessly in the dental sense. All of which reminds me—

The owners of the six million automobiles which have put the country on wheels more completely than ever before will appreciate that winter is a bad season.

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Not the least of its disadvantages is that it will freeze up radiators and crack water jackets. It makes cars hard to start and car owners difficult to live with. I discovered all this a number of years ago when I operated my first car through my first Northern winter. Some men would have stood by, paid for the repairs and taken it out on the air in profanity and their wives in bad temper. I decided that there were ways of keeping radiators from freezing or chilling and I set about inventing the proper device. When I began I saw the commercial and not the con possibilities of the idea, but I was ever an unstable fellow in such fine distinctions and discriminations. At any rate, I conceived and constructed a perfectly honest little mechanism like a large porcelain electric switch. This device I connected with the batteries in the car. By sending the current from the batteries through this resistant element I engendered heat enough to keep things from getting too cold while the car stood out.

Now all this was excellent and sounded feasible. In practice the thing wouldn't do at all. It used up the current from the batteries, whose capacities are very limited, so that there was not enough juice left to run the lights and start the motor. This trouble could, it is true, have been overcome by greatly augmenting the number of cells in the battery. Here, however, the expense would have mounted quite high and the whole device was, after all, no more effective than the simple plan of putting alcohol into the radiator tank with the water. My invention was not worth the trouble of inventing—and I knew it. That is another matter.

I was still experimenting with my radiator heater that winter when I became aware of the existence of a dentist in my neighborhood who seemed to be hugely prosperous, drove two high-priced and high-powered cars, was a leading spirit in the sporty life of the community and let himself be seen to advantage whenever possible. I wondered in my dull way how came this dentist to be so extremely well dowered. Nothing more crossed my mind at the time.

Then a filling came out of a tooth and I went to him for repairs. Nor was I long in discovering his source of wealth. My dental friend supported elaborate offices with much very-modern equipment, several extra diplomas, the word "surgeon" put before his normal professional description—and he charged for all the frills. I thought it well to cultivate a man who understood so profoundly the making of money.

Still without any plot against him in mind, I continued to visit him and become acquainted. One very bitter morning I walked into his offices to find him blustering and swearing about one of his cars. It had frozen tight the night before in his garage, the water jacket had burst and the repair man informed him that his bill would be one hundred and fifty dollars.

"Almost as bad as losing a filling from a tooth," I told him, but he was in no mood for jesting.

"Confound it!" he cried, "why don't they make motor cars that don't freeze?"

"They will when they learn how," said I.

"Is there a way?"

I told the doctor about my neat little invention and he was moved almost to enthusiasm. He used

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many electrical appliances in his surgery, he understood mechanics fairly well and had the amateur's respect for the wonders of electricity. I saw at once that here was both a doctor and a morsel for my teeth. The next afternoon I drove him out to his country club in my car, which was much less costly or impressive than either of his. We spent a couple of hours round the nineteenth hole while the car waited in a zero temperature. Since I had put my batteries into first-class shape that very morning, everything went off beautifully. We walked out of the club, jumped into the car and were off without delay. My new-found friend was really overwhelmed.

"Why don't you patent it and get down to manufacturing?" he demanded as we drove homeward.

"Patents cost money and so do plants to work in."

"That oughtn't to be hard to get."

"Not for you, doc," I told him. "All you have to do is to charge. The more you stick us the better we like you. The difference between a good man and a bad one in the professions is in the fee. But with me it's different."

"How much will it take?"

Here I fenced. I didn't want a few hundred or a couple of thousand to get out patents and rent a little factory. If my prosperous friend was to be taken in he was worth taking in for some respectable amount. I always believed in doing things well.

"I guess I've got enough money to get out my patents and start in," I told him after a silence. "With all the cars there are in this country a man ought to make a mighty pile out of this thing if it is

as good as I think it is. I don't see why I should divide it."

We said no more about the thing at the time, but the effect I had expected from my attitude was already being produced. Nothing makes a man so anxious to put money into your invention as your apparent desire to keep him out. It is one of the rudimentary rules of con to shift the anxiety upon the other fellow. If the schemer succeeds in this his game is made; if he fails there is no play. You can't push a man into an investment of any size; you must make him break in. That was what I was trying to do here.

Meantime I went ahead, applied for a patent and got it, like thousands of simpletons who take out useless patents every year—for the benefit of lawyers only. Now I was in a position to talk business. When I saw my friend again he began with the expected questions and approaches.

"Well, it's like this," I told him. "I will take you in on one arrangement. I'll sell you a half interest for ten thousand dollars. I don't want you to go in unless you're satisfied with the heater and I want you to think over the possibilities before you invest."

"Well, what's your idea?"

"The only way to test this thing," said I, "is to try it out on a car. You can run my car for a week or I'll install the device on one of yours and you can try it out."

Before I suggested this I had taken the natural precaution to put into my car an expensive extra-cell battery, capable of running the heater and still furnishing electricity for the lights and motor. I pointed

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out to the dentist that my car was already equipped and there was no need of spending extra money on one of his.

We swapped cars for a week. My heater stood up, as I knew it would. Why not—having cost about three hundred dollars to equip it?

My man was more than satisfied. Now he wanted to know only what the device was and how costly it would be to manufacture. He didn't ask about installing or equipping or about larger batteries—and I somehow forgot to explain these matters. Instead I showed him the simple porcelain device and explained how it was merely hooked up to the battery and engendered heat by establishing a resistance. It was patent to any eye that such a thing could not cost much—a dollar or two at the outside. My dental friend was not slow to let his greedy mind grasp the supposed situation. Here was a cheap and simple device which did away with an almost universal cause of annoyance and expense to motorists. And we had it under patent. *Ergo*, we could manufacture it and sell for whatever price we liked.

I did not try to close a deal with this man then. Instead I sent him off to consider again. When a man put his money into patents he was taking a risk, I warned him, though none too insistently. Of course, I went on, in a case like this the chance of loss was small. It seemed here was a thing in constant general demand, a thing for which there was really a crying need, and with the millions of cars in use there ought to be no lack of a market.

Three evenings later I went to see the tooth surgeon in his office. I found him sitting at his desk with

a newspaper almanac before him. From this valuable compendium he had learned that there were then close to four million cars in the country. On this total the doctor had based some interesting if pathetic calculations.

"Crosby," said he with a wave of enthusiasm as I sat down near him, "I've got this figured out and I don't see how we can lose."

"I don't myself," said I—with a mental emphasis on the last word.

"Why, there are four million cars in the country and every car will have one of these heaters! We can certainly make them in quantities for less than a dollar apiece and sell them for ten or twelve."

"Easy," said I.

"That means we ought to clean up millions," he went on.

"If it's handled right," said I—always the conservative.

"We'll handle it right, don't worry."

"Well, you'll never have to complain of me on that score," I assured him. "If you come in I'll put the thing into your hands."

I walked out of the place with the check in my pocket, and the bank seemed a long time in opening the next day. Then there were delays. I came up against small problems. My second model did not seem to work so well. I put off leasing a factory till I might experiment further toward a perfect device. Then my health got bad. I had to go away for the summer. In order that all might seem correct I turned over the full rights, with my models and dies, before I went away. I wanted the dentist to be in full pos-

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session, so that whatever happened to me he would be protected. He thought it highly honorable of me at the time, though I fear he later changed his opinion—which I regret.

There was no glory and no credit in such a fraud as this and I put it down here only to show a typical case of self-delusion on the part of the very numerous class of men who know just too little and too much for their own good. It is this smattering of strange knowledge that undoes so many professional men and makes this class a byword with the con man who has an invention scheme.

Men with some sort of education, excellent in its own field but deficient in others, are prone to believe in the wonders of science and invention, and they are right. They have seen the distant nations brought into each other's arms by the railroads, the blue immensities of the seas dwarfed by fleet ships, the antipodes harnessed to instant responsiveness with chains of cables, the voice of man sent vibrating through thousands of empty miles, the air yielding to man-made wings and the very abysses of sidereal night glowing in the light of human eyes. These men know that nothing is impossible to the brain and the spirit of man. What they forget is that there are men and men—and con men.

But if I have laid down the general proposition that the professional man has an attraction for the inventions fraud and this fraud for the professional person it is by no means true that only this type of scheme is worked. For instance:

One hot morning of a recent spring, just after the close of the war, three substantial-looking men tricked

out by Eastern tailors appeared in a certain Middle Western packing metropolis and rented an office in one of the foremost buildings. Here they installed themselves with an imposing array of furnishings and several stenographers. In a few days sheafs of letters began to go out from this office to the professional men of the city whose names had been gathered from the telephone directories. These letters called the attention of their recipients to the very high prices being paid for pork, to the alleged shortage of that meat, to the fact that swine had been almost exterminated in parts of Europe, where they would have to be replenished from the meager American supply, and to the money-making opportunities contained in the oily sides of porkers.

In a few days a second batch of letters went forward to the same addresses. Then followed a stream of circulars, each taking the recipient of this mail canvass a step farther in his acquaintance with a new and somewhat novel industry. Finally came to each addressee a letter which made a proposition and tempted a reply. I need not assure you that many replies were sent. And within a day or two a salesman appeared.

"Doctor," said one of these solicitors as he stepped into the office of a locally well-known physician, "I come from our company in answer to your letter. I thought it better to see you in person."

"I've been interested in your literature," said the man of medicine.

"And would like to know what our proposition is?"

"I don't mind."

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The salesman took a seat, got out his sheet of calculations and began.

"Our first purpose," said he, "is to foster the growing of pork. Our literature has already made clear to you that there is a world shortage and that prices for this meat will be very much higher within the year. The average farmer is raising what hogs he can, but the situation demands that others be interested—and there is money to be made. Now what we offer is to sell you a contract for one hundred and fifty dollars which calls for the ownership of one brood sow. Of course you may buy one or as many as you like. You are, to be sure, not a stock raiser, but we are. We take the sow off your hands. In fact, you never come into contact with the beast. We give you a certificate of ownership and our contract, which liberally safeguards your interest. Then we allot to you as many sows as you may buy. We keep them on our farm, breed them, raise the pigs, sell what we think best, as the market happens to be up or down, and we turn over to you one-half of the profits. The rest we retain for our services in the matter. In this way you can become a stock raiser without any of the inconvenience, and you get in on the big money that is bound to be made in hogs."

The glib canvasser paused to catch his breath, while the doctor reeled.

"But," objected the latter, "I don't know anything about stock raising. How can I tell if this is a good investment?"

"You evidently didn't do our letters and circulars the honor to read them," said the salesman, sailing in anew. "It is self-demonstrating that hogs will

pay big money at twenty-two cents on the hoof when the farmer formerly got rich out of them at five and six cents; that's common good sense. Also it isn't hard to see what class has been getting rich through the war; not the doctors and lawyers"—to which the prospect readily agreed. "The farmers have been getting undreamed-of prices and piling up money as never before. The bank balances in rural states like Kansas have never been so high. Never have there been such sales of automobiles in the farming districts of Iowa and Missouri and Illinois. The farmer is at the highest point of prosperity, and mainly through wheat and hogs. Now what I offer you is a chance to share these riches with him."

"Show me," demanded the physician.

"Easy," responded the salesman. "You know, I suppose, that a brood sow bears two litters a year and that the average litter for good swine is eight. Thus a sow will bring sixteen pigs into the world in a year. Let us reckon that half of these pigs are males. These are fattened for the market and sold. Half of what they bring goes to you. You then have left the original brood sow and her eight female offspring. I speak in terms of averages. In other words, you will likely have nine brood sows the second year.

"Carrying our calculations a little further, each one of these sows should bring forth about sixteen pigs in the year. Thus at the end of the second year you should have nine adult sows and one hundred and fifty-four baby pigs and pigs of six months. Now we can discount this for losses through disease. It's always best to be conservative. Let's say that we have a total of one hundred swine at the end of two

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years. We have now already sold eight young male pigs and on the same average we would now sell fifty more. Thus we would go into the third year with fifty sows. I need not go further. With any kind of pig bringing from eighty to one hundred dollars in the market, you can see that by that time you will have sold from four thousand to five thousand dollars' worth of pork and still have fifty sows left, which should give you eight hundred pigs in the fourth year. And the original investment is only one hundred and fifty dollars."

In a few weeks these three schemers and a few extra salesmen, whom they employed when trade warranted it, took in three hundred and fifty residents of this town, nearly all of them professional men and women, who seldom are close calculators.

The business had been started without an acre of farming land or a single sow. With the money pouring in it was necessary to rent a farm and acquire at least some swine. This was done at no great outlay. Forty or fifty sows were more than enough. The men who had paid for contracts covering the ownership of sows were not stockholders in the company and had no access to the books. As long as there was any sort of farm and a single sow on it this animal could be passed off on any number of contract holders as the sow purchased. More than that, what was to prevent the cholera from sweeping away the sows and broods? Who was to keep books on the feed used and the upkeep expenses of the farm?

When six months or a little more rolled round each purchaser of a sow was to be informed, according to the plan, that he was the owner of a brood of seven

or eight or ten pigs, whether there were any broods or not. If he became excited and bought more sows, well and good. That was what was expected of him. If he sat tight disaster shortly overtook his stock and he was wiped out. A modern application of a very ancient type of fraud.

It wasn't long before the professional people of this city woke to the realization that they were not stockmen. At about the same time the police became convinced that the three gentlemen in their imposing office were con men. But it was too late to do much. The farm was deserted. The few sows had been sold off, the gates closed and the pork impresarios had flown. And with them the lardy dreams of many innocents.

CHAPTER IX.

THE COLOR OF ROMANCE.

WHETHER has loitered at the great seashore and mountain resorts has seen about the hotels and pleasure pavilions certain lovely and slightly mysterious ladies. They stroll up and down the walks and the beaches, they drape themselves in the lobbies, swim about at the balls, gambol in the waves, but neither do they toil nor spin. To some they act as introducers and promoters of amenities. They do not flirt—precisely. Neither are they at all unapproachable. Usually they seem to be detached, though perhaps noticeably friendly with one or more impressive-looking men, likewise playing the *dolce far niente*. *Dames d'industrie*, I should call these sibylline ones, or—if you like—ladies confidential. Their male familiars are con men.

The employment of women in the affairs of sharpers is old as the world, I suppose. Their original function was that of attraction. To the modern schemer they act as introducers on the well-known principle that a respectable and cautious man will rebuff a strange man and pursue a strange woman. These ladies are taken to various resorts where men of position and consequence and women with means spend their leisure. They pick up the acquaintance of both men and women and shortly introduce to their prom-

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ising new acquaintances the polished rogues who are lurking in the background. Then the game is on.

The standard type of fraud then perpetrated is nothing more ingenious than a crooked gamble. I know a dozen or twenty of the most skillful card manipulators, faro swindlers and poker sharpers in the country who long since deserted gambling in its older form in an established house of chance for crooked gaming at the resorts, with respectable persons lured into the play by means of these women. Palm Beach, Atlantic City, Miami, Saratoga, the Southern California resorts, and even religious Asbury Park, smiling under the priestly adjacence of Ocean Grove, are patronized and victimized by these schemers in their seasons of frivol.

Wherever the scheme is not a gambling trick, some such stale device as the sick-engineer game is employed. No one at all familiar with such trickery will have forgotten what havoc was played up and down the Atlantic Seaboard some years ago by Chappie Moran, Larry Summerfield and Sam Giroux, abetted by several charmers. When these gay picaroons met—through their women—a man or woman of substance they unfolded the tale of the sick engineer owning stock in a certain mine and soon induced their dupe to buy the stock under the pretense that it was highly valuable or immediately salable at a high figure.

Neither is New York likely soon to forget the St. Louis pawnbroker who was gambled out of nearly a hundred thousand dollars at a specially fitted club, where the victim believed he was playing a fixed poker game against five or six of the most notable millionaires in New York. These other players were, to be

sure, only con men dressed and disguised to look like well-known rich men.

The substantial professional man is the ideal dupe in all these games employing women. In many ways he is the most careful of all his fellows when it comes to questions of his good repute. If he can be compromised even slightly—a thing which these plotters always manage to bring about—he is certain to keep his counsel. No squeal results. But this is usually not even necessary. The physician or especially the lawyer, cannot afford to advertise himself as a fool. Such rashness would cost him much more than the conspirators have taken. He throws up his hands and decides he will be wiser next time. But con games are various and often bear no visible similarity to each other, so that the same man has often enough taken the venomous apple twice.

A few years ago a wealthy man from one of the eastern cities went down to Palm Beach for the winter. This man was a widower with grown and married daughters. He was experienced, worldly, something of a vivand and to his own mind a connoisseur. He never spoke of an incident in his earlier life that had to do with his deception through one of the crude old mining-stock games. Few men remembered the incident, but a certain confidential person of my acquaintance did. Long and accurate memories are desirable in our picaresque profession. My friend decided that this man could be duped again and he followed him south—a hawk in the wake of the goose.

In his rococo hotel at Palm Beach this man soon set his eye upon the person of a decidedly elegant woman whom he encountered in the dining room, the

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elevators, the lounge, on the beach—everywhere. She was a tallish, dark, distinguished-looking person, past thirty perhaps, but still very youthful and beautiful. Her manner was always correct, her dress costly, her look invariably a little melancholy. She was alone, save for a maid, and the elderly gentleman judged that she was recently widowed. After a week he managed to have himself introduced by one of the genial guests in the hotel, whom he never stopped to suspect of being a confederate in any machination against him. Indeed, he had gone to so many subterfuges before he succeeded that he never could be convinced of the truth.

Mrs. — permitted the attentions of the mature gentleman. He asked her to dine with him, as she was alone and looked lonely, and she accepted. He took her motoring and she decorously brought her maid along. When he asked her to make a fishing trip with him she was happy to be one of a party. He decided after several exhibitions of this circumspectness that the lady was a person of breeding and position. She had not told him so. Indeed, she had told him nothing of herself. In the main it was not necessary. He had eyes and perception.

In the beginning the victim was inclined to rush his familiarities a little, but a series of the gentlest and most tactful rebuffs soon enlightened him. Next he tried extracting confidences from the aloof Mrs. —. She smiled sadly into his eyes and begged him not to speak of her affairs—for the present. He respected what he considered her grief. With the flight of the weeks, however, the man felt himself slowly growing into the woman's graces and confidence. He

did not perceive that she was sending roots into his middle-aged heart.

One night when they sat at the end of the long pavilion watching the great lamp of the Southern moon stream upward out of the mighty phosphorescence of the sea the wonder and witchery of the provocative South got hold of him.

"Won't you tell me who you are at least?" he urged, idling with the fringe of her wrap.

"Just a lonely and unhappy woman," she said softly.

"You are much too young and lovely to be either."

She sighed, looked into his eyes and away into the flaming ocean.

"You know I am too old a man to be sentimental," he resumed, "but something about you touches me. I think whenever I see you this way that somebody should do something for you. I suppose it's natural to tell myself that I'm the right person."

"I'm afraid no one can help me much," she said. "Let's not talk of it. Let's just be happy—or pretend to be."

The moon rose fuller and higher, the breath of the Gulf made warm murmurs in the palms, the sea played on the sands its amorous arpeggios. The staid and careful gentleman was caught in a resurgence of his dead youth. He declared himself.

The lady sat with him late into the night, listening to his pleading, holding him off, verging on tears. At last she kissed him lightly and turned away.

"I should never have let you speak," she told him. "I did not know things were going so far. I have a husband."

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The man was silent as they walked back toward their hotel. He considered, hesitated and plunged.

"Does that matter if you are unhappy with him?" he asked.

She looked at him with a little start of surprise.

"You mean——"

"Marriages are not indissoluble."

She left him on the veranda without an answer. Half the night he walked up and down the sands, feeling himself a lover and wondering if he might not be a great fool.

The next day Mrs. —— was very tender and sadder than ever. Her husband would arrive in a day or two. That was why she had been more depressed lately. When he came perhaps she would not be able to see her friend at all, but she would try. They must be careful.

"Did what I said last night offend you?" he asked, again under her spell.

"Offend me!" she purred. "I wish I were free to talk."

The husband came, a rather sharp-faced, blustery person, but still a man who looked as though he might amount to something. He spent very little time with his wife, treated her shabbily, even seemed to be quarreling with her under his breath in public. His attentions seemed to center rather on several young New York actresses who were showily disposed on the beach every day. And at night he was off gambling or somewhere else. His wife confided her suspicions to her ardent friend, who urged her to get evidence for her divorce then and there. She demurred. She

would not take such an advantage of a man she had once loved.

The thing wore on and the delay made the intended victim wild to have something done. The more he saw of Mrs. — the more he was determined to win her. He found out that her husband was a promoter, often of questionable enterprises. The wife said her husband's manner of making money was one of the causes of their unhappiness. Little by little she revealed the story to her admirer and slowly guided him toward the climax.

One night at the end of the same pavilion, with the same moon swimming overhead, she confessed that she loved the aging wooer. At the close of an ecstatic evening she unfolded a plan for being rid of her spouse. He was even then promoting a fraudulent oil company. The thing was going slowly and he was hard up. He would likely enough try to get her new friend into his scheme. Wouldn't it be a good idea to put a sum of money into the venture with the purpose of exposing the scheming husband, catching him foul of the law and thus forcing him to permit a divorce?

The idea struck the Northerner as brilliant. How had she thought of it? But that was a silly question. Since when had women not known how to achieve their desires?

The husband now began to lay his snares, and his victim—smilingly—played his part and hurried the game along wherever he could. He was not a little perturbed one night when the supposed promoter came past the end of the pier which had come to be the lovers' retreat and caught him and Mrs. — in a

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tender tableau. It was innocent, but the widower trembled a little. The promoter greeted them, made a cynical remark or two and went on.

"I think he knows," she said. "But he is bad—thoroughly bad. He will gladly sell me if he can get what he thinks I'm worth."

The old gentleman was a little frightened. Something warned him to desist, but he was too tight caught. He continued to deal with the promoter. Finally it came down to the amount he was to invest. He hoped to get off for a few thousands, but was coolly told that it would take one hundred thousand dollars to start the oil business going. It was too strong a blow to his resources and he refused.

That night Mrs. — wept on his shoulder.

"Take me away! Get me out of his hands somehow!" she pleaded. "What does the price matter? We can go away and be happy. You will have plenty left and can make more."

Finally, infatuated out of all senses, he agreed to put sixty thousand dollars into the oil promotion. He drew on his home banks, got the money to Palm Beach and was ready to pay. But once again his caution stopped him. At the last moment he drew back and refused to close.

The promoter immediately came the hurrah on him. He announced that he was about to leave Palm Beach and take his wife with him. That night at the end of the pier Mrs. — bade her chaste and aging lover a tearful and reproachful good-by. She would never see him again. He did not want her enough to take her when she could have been his. She thanked him

for the little while of hope and happiness and went back to the hotel.

In the morning the dupe waylaid the oil promoter as he descended in the elevator. The man had lain awake all night. He could not break from the woman. In ten minutes he had paid the demanded price.

The promoter departed without delay, but not until he had hinted, unmistakably, that he understood what had been done to him. The aged widower sent him off with defiance and the promoter went with a cynical smile.

At the end of a week Mrs. ——— was ready to travel north, where she was to arrange matters for the coming exposure of her husband. It was deemed better that she be at a distance, for the sake of appearances, when the victim of this duplicity came with his demand on the promoter. There was a farewell at the end of the pier—under a gibbous moon, one is prone to fancy. The next morning he found a long letter from the charmer in his hotel box. It had not come through the mail.

When the astute Northerner had finished reading this remarkable letter he went out and spat helplessly into the sea. The woman told him with regret that she had duped him. She was under an almost hypnotic sway. She did whatever her husband commanded. Could he be a little sorry for her? She was so unhappy. But perhaps it was better so after all. A man of his character would never be happy after he had deliberately bought the wife of another man.

The last words sank painfully into his brain. That was what he had been doing. He was helpless to complain or prosecute. He walked up and down slowly

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on the sand, wondering whether two months of bootless flirtation might be worth sixty thousand dollars.

But it probably is true that professional men are less subject to romantic attacks than many other types. If such games as the foregoing are often designed against them, it is because they are known as close-mouthed fellows and give less trouble than the run of humanity. The invention remains the ideal overpersuader for the technical man, as I shall show.

Three or four years ago I completed a number of experiments with the selenium cell as applied to the phonographic motion picture. The idea is an old one and persistent. Many leading inventors have worked on it, and we read announcements of its successful discovery every few weeks, but nothing practical has come of it to date.

To this problem I applied myself. I tried to solve it by recording sound waves on the edge of the film with the aid of photography. The record would appear in the form of successive long or short linear shadows. With the aid of a selenium cell I now energized a bi-polar magnet or magnets, which vibrated a diaphragm and set sound waves in motion, reproducing the human voice in correct time with the picture. Perhaps it is well to explain that selenium is a chemical element which is highly sensitive to the force of light waves. It is a conductor of electromotor force and its conductivity varies according to the amount of light played upon it. Some authorities say that the conductivity of selenium may be decreased or augmented five hundred times. It will be seen how this substance figured in my invention.

After long and quite costly experiments with this device I came to the stopping place. I perfected it as far as human ingenuity could bring it. Then I came up against a physical fact, as men will. I managed to record the voice on the edge of the film and I reproduced it perfectly and in exact time with the picture, but—the sound was not reproduced with sufficient energy to be of any use. It could be heard close at hand, but when it came to amplifying the sound I discovered that the force was too weak. Extra-powerful amplification resulted merely in loud words without tone shading. I was simply up against it. My wonder was a flivver.

However, my experiments had cost me several thousand dollars. And in those days I had the bad habit of getting my money out of things one way or the other. I looked about for a likely way of exploiting my burst bubble and soon discovered in a large city lying on one of the lines between New York and Chicago a physician who was a specialist in electro-therapeutics. I knew from other men in my line that he was a sucker buyer; in other words, he had money and often took flyers in the most dubious of stocks. No sooner discovered than approached.

I moved my apparatus and a confederate to the home city of this medical gentleman, established myself in a couple of modest rooms and went off to consult the physician about my left foot. I had suffered from gout a few years before, owing no doubt to early trials and denials. It was true I had not felt an enemy twinge for a number of years, but the gout was as good an excuse as any. I told the physician that I had heard of his wonderful cures and wanted

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him to do something for my gout. It was not bothering me just then, but it did make trouble at times.

He had quite an establishment, with a great array of electrical equipment. All this I admired and talked about with glib familiarity. He was a stiff and pompous man, distant and ponderous, but he was for all that the more susceptible to flattery. By my third visit and third cash payment of his heavy fee I had disarmed him and he talked electricity with me. I gauged him carefully, for it is bitterly uncomfortable to catch a tartar who knows too much. He knew electricity from the medical side only.

Each time I went to see him I talked more and more freely about electricity, and he followed, a little piqued at my knowledge, but glad to talk with a man who knew something of his hobby. The doctor was, to be sure, taking my money and treating me right along for an ailment I didn't have, but that was part of his game and I believe every man has the right to play his cards. I meant to play mine.

One morning I sailed into the therapeutician's office brimming with delight. I had just had great news. The doctor was sympathetic and curious and I unfolded my yarn. I had for some time been financing in a modest way a man who had a wonderful electrical invention under way. This very morning we had evidently hit success. I explained my talking movies to the doctor and he was delighted with the idea.

"Think what a thing like this means!" said I rapturously. "It will knock out all the cheap movie dramas where there is nothing but crude physical action interspersed with idiotic captions. It will

mean that as good plays can be had on the screen as on the stage."

"That's true," said the physician.

"But that's only one field," I went on rapidly. "Think of the value of such a thing for disseminating clinical lectures! It will now be possible to photograph an operation or a chemical or physical experiment and at the same time to record the words of the lecturer. By this means university extension work can be magnified to an undreamed-of point."

The physician stared at me in amazement.

"Remarkable!" he said. "No telling what changes such a thing will bring."

"And think of the personal appeal of such a thing!" I enthused. "What is to keep people from making complete records of their children by this device, recording not only their appearance in moving pictures but their voices, from the prattle of the baby to the wheezing of the old man?"

"And you mean to say you have got such a thing perfected?"

"All but the final details."

"By heaven, I'd like to see it!" he said, warming.

Here was the heading-in point—that invariable piece of con technic. I had to seem unable or unwilling to show the thing in order to set any suspicion that I might have an object in telling my doctor friend of this marvel.

I temporized. The inventor was one of those peculiar taciturn Germans, suspicious of everyone, even of me. But I would see what could be done.

I now rented a little workshop for my confederate, who was in fact just enough a German to play the

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part successfully. Here we set up the talking movie, scattered about a lot of grimy tools, put in two kinds of electric current, set up a work-bench, a lathe and other appurtenances of an inventor's shop and were ready to demonstrate. To the victim I pleaded that my inventor was obstinate. The more I delayed the more the physician's curiosity was roused. Finally, when he had heated himself to the proper temperature, I took him to the "factory."

We had, as I have indicated, a short dramatic reel on whose edges I had recorded the supposed voices of the actors in the manner explained. This part of the thing was perfectly honest and correct.

The doctor sat down in the darkened shop, I took a place near him and my partner ran off the reel. As the scenes flashed on the screen the voices of the actors could be heard. One had to listen carefully, but there was no mistaking the fact. The picture talked in perfect synchrony with the action and the effect was not short of astounding.

"Now," I said to the doctor when the demonstration was at an end, "this thing is not yet quite complete. You noticed, no doubt, that the voices were not loud enough for ordinary purposes. You understand, being a man of science, that this is merely a matter of amplification, just as in all talking machines."

"Of course," said the accommodating gentleman. "Don't you remember the first phonographs—how almost inaudible they were at any distance?"

"And to-day they've got to the point where they drive you out of a neighborhood," I laughed.

"All a question of perfecting the amplifier," said he.

The physician wanted to inspect the machine and go carefully into the scientific principle, but my alleged German inventor immediately showed signs of displeasure. I nudged the doctor and took him away.

"Don't ever make a break like that again!" I whispered as we went out the door. "That crazy Dutchman will think we want to steal his machine."

The doctor laughed and then grew thoughtful. At his invitation I drove out to his home and spent an evening explaining the technical principles of the thing in detail. He was enchanted. I visited him almost every day for a week and each time I talked more about the invention. He was a little silent and I fancied I knew what was going on in his head. Sure enough, when I was about to take the plunge myself he came to the point. Did we have enough money to develop this thing as it should be done?

"No," I said frankly, "but that Dutch ape thinks we have. He doesn't want to let anyone in."

The doctor again was thoughtful. And I left him to his own mental yeasting. Though my treatments were at an end I ran in often to see him—with nothing special on my mind, it seemed. The man was restive and I saw to it that he didn't recover. He saw profits coming and wanted to share in them. One day he came at me out of a clear sky.

"Do you need that inventor?"

"No-o-o," I considered. "He's got it to the point now where I can probably do all that needs to be done."

"Then why don't we find some way of getting him out?"

"It's really his property, I think."

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“What of it? Inventors always stand in the way of their own good.”

I went away, promising to give the matter some thought. The next day I called on the doctor and made a suggestion.

“Doctor,” said I, “this German is really a decent fellow and he has put in five years on this thing. I’m not willing to defraud him, but I know he is standing in his own light. Now I’ve thought of a way to get him out of the road and you into the thing. If you are willing I’ll try it.”

“If you can do that I’ll do my part,” said he.

“Can I speak confidentially?”

“A doctor keeps secrets.”

“If that German continues to believe that his machine is a success,” said I, “no one will be able to buy him out—not for a million dollars, and a buy-out is the only thing I’m willing to consider. But if I can tamper with his device just enough to keep him in the air he’ll soon get discouraged. You know how the Germans are. They lose heart and go into the dumps. Then we can probably talk reason to him.”

I have often wondered at the moral and ethical point of view of so many respectable men I have duped. These men were nearly all persons of substance and standing. They had the reputation of being absolutely upright; no breath of scandal ever touched them, and yet whenever and however I have encountered them they have invariably been ready to go in for sharp practices of this sort. For many years I have noted, and I have heard other con men say that they seldom regretted their coups, for the victim

invariably thought he was getting the better of them or of someone else. This is, to be sure, the motivation that makes con games possible.

The doctor was enthusiastic about my proposition. If I could trick the German into a receptive frame of mind the doctor would do his share. He would buy the man out.

Weeks and months had now to elapse—to give my man time to develop his discouragement. Meantime I had to keep the doctor boiling. This I did by means of periodic sneaking visits to the shop in the dead of night, when I showed the physician the latest attempts and failures of the German and revealed to him my invariable subtle sabotage.

The doctor grew more and more impatient as I built him up, brought various convincers into play and prepared him for the hurrah. But my German somehow didn't discourage very easily. Finally I despaired of him. He was an incurable optimist, I told the doctor. We must buy him out or he might yet strike the right thing or discover my duplicity. I suggested that the physician approach him with a proposition. He did, and my confederate demanded an exorbitant price, which the physician naturally declined to pay. Then followed the usual series of conferences and the gradual lowering of price and raising of the offer. The doctor would not go above fifteen thousand dollars and my German shrewdly refused less than fifty thousand dollars.

Then came the hurrah. One morning I went to the physician in great perturbation. The German had either caught me at my tricks or he was disgusted with the dickering. He was threatening to throw me

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over and leave town with his invention. It meant we might both lose our hold on him. I was vastly excited and upset. The doctor considered and appraised me coldly. Then he put on his hat and we drove over to the shop. Sure enough the inventor was dismantling the place and packing up the machine. We stopped him and held a final conference. He was stubborn and truculent. The doctor finally offered twenty-five thousand dollars. After much pleading and urging from me the German threw up his hands, called us both pirates and skin-flints and went off to sign over his rights. The next night he was able to depart with the money.

There had never been any written agreement between the doctor and myself, but the understanding was that we were to be equal owners of the invention. Here again human nature, that restless hungry stuff, asserted itself. He flatly refused to do business with me on an equal-partnership basis. One-fifth was the best he would allow. We quarreled bitterly and I left town. My pseudo-German, who had so glibly spurned everything up to twenty-five thousand dollars, took five thousand from me as his share and turned over the rest.

And the movies still move in silence.

CHAPTER X.

THE WIRELESS PIANO.

IN the dusty top story of a storage warehouse in a certain city stands a grand piano. Closer inspection of it would reveal several strange-looking attachments and a curious tangle of wires bursting from its interior. The spiders are spinning their webs among the strings of this piano and the mice nesting in its vitals.

Eight or nine years ago I became interested through my constant electrical experimentation in the idea of an automatic piano controlled by a phonographic record. That was the original form of the idea, which later was elaborated. The general scheme involved a piano with a specially constructed magnet under each of the eighty-eight keys. The second part of the outfit was a phonograph in which the usual mica diaphragm had been displaced by a metallic diaphragm like those used in the telephone. By this change the talking machine is silenced so far as the human ear is concerned. Instead of sound it emits vibrations from the diaphragm which exert certain modulated pressures in the circuits of the magnets placed beneath the piano keys. In this device again the selenium cell is used, but to explain the entire arrangement would lead me into technical abstractions both needless and wearisome. My idea was the substitution of

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electromotive force for the physical effort of the player, plus the control of the instrument by means of recorded and retransmitted sound waves.

You may wonder what the use might have been of both a phonograph and a piano. The talking machine had then never been able to reproduce satisfactorily the playing of a piano. Only the fundamental notes were recorded and reproduced. All the partials were lost, with all fine tones and expressions. But if you might control a piano with this recorded music you would bring its beauty back to life. I assure you that with a proper synchronizing device the thing is entirely practical. And I can also assert that I never worked toward achieving this with any honest intention. I have simply been describing a thing which interested me and the idea of which I palmed off.

All I ever really had was something far short of this excellent but unachieved invention. But I must ask you to wait and see wherein the difference lay. I knew I had a splendid and demonstrable idea and I understood how to make things seem what they are not. So I was ready to levy on the credulity of mankind again.

In one of the large cities of the Northwest, which I happened to visit on other business, I discovered a lawyer politician of a type familiar to all of us—a shrewd, hard, ruthless fellow, not much on law, but long on worldliness and chicane. This man interested me, because I knew he was fox bitten, serpentine, crafty. A man who lives by his wits wearies of dull bait. He longs for a foeman worthy of his armament. He takes a devilish delight in humiliating those who deem themselves proof against their fellows. In doing

so he breaks some laws—and teaches some humility. Everything has compensations.

As soon as I had found this man I moved up my batteries. The grand piano which stands moldering in the storage house was bought in the East and sent to the city in question. A complete assortment of rather unfamiliar electrical equipment went with it. And I followed in a few days, accompanied by a young woman who has aided me in several of my intricate devisings. She is an actress rather than a woman of the con world and a business person rather more than either—a versatile, capable girl who has suffered some things at the hands of the world and knows its crannies.

Arrived at the scene of our adventure, I rented a modest house and furnished it. One of the rooms I reserved as my workshop; another as a secret chamber into which no one ever stepped saving myself and my girl confederate. I now set up my piano in the workroom and put in several weeks on the task of equipping it for a demonstration. When I was done and had made the proper tests I went to see the lawyer. He received me sourly until I told him that I had come to have him incorporate my invention. Then he was interested. I wanted to form a one-hundred-thousand-dollar company for the purpose of building and selling my automatic piano. Some details of my idea and instrument had naturally to be given, but I was careful to be reserved.

There were the usual delays and return visits to the lawyer's office. I could see after the second call that my man was allowing his curiosity to gather momentum. So I was extra-cautious and reticent.

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I managed to seem full of hope and confidence without bubbling over or telling any secrets. My prospect didn't like it at all. He was not used to being in the dark about things and soon enough he began to ply me with questions. Naturally, once he had openly taken the initiative, I was glad enough to explain, and I did. He was deeply interested and wanted to see the machine. I could do no less than invite him out for a demonstration. He was impressed, but dubious. Wherein was this thing any better than any other good electrical piano? I sailed in, for here was my cue.

The trouble with mechanical pianos generally was that they operated on a mechanical principle. That meant, no matter how excellent the mechanism, a deadly precision, a woodenness, an absence of character in the playing. Here on the other hand we employed electricity, an enormously subtle form of energy capable of recording and reproducing the finest shades of sound emotion, able to catch and reproduce sound waves which left no impression on the human ear. All of this, I may remark, was quite true. Nor was I romancing when I called my visitor's attention to the huge business that has been done in automatic or semiautomatic pianos. I gave him some staggering figures and sent him away by no means easy in his greed, I fancy.

After I had purposely remained away from my attorney's office for more than a week he wrote me to command my presence, and I called.

"I've been thinking about your pyanna," said he.

"Yes?" quoth I carelessly.

"How are you fixed to finance the thing?"

"That's what I'm forming the company for."

"With a hundred thousand in stock!" he exploded.

"What do you expect to do with that?"

"It's enough."

"Nonsense!"

"Well, what do you advise?"

"What you must do is to incorporate for half a million and put the thing on its feet at once."

"But I have no way of placing a capital like that. I have to do the thing modestly," said I.

Then and there my lawyer declared himself in on the deal. Before I left him he had the whole scheme worked out to his own satisfaction. And who was I to stop him? Incorporation was for five hundred thousand dollars and the lawyer promised to procure the capital and manage the whole affair. I was to have fifty thousand dollars in cash out of the stock sales in payment for my invention. In addition I was to receive one hundred thousand dollars, par value, of the stock. In return for his control of things—and certain very liberal slices of the stock—this gentleman was to put up money for experiments and the taking of patents, and he was further bound to build a factory. These things were going to cost him about twenty thousand dollars, but since he was taking about five times that amount in stock for his trouble his liberality was not all it seemed.

I wondered as I walked home from this highly satisfactory and yet puzzling meeting what was moving in the crafty brain of this man. He was impressed with the piano, but was he such an enthusiast as all this? He did not know me. He knew nothing of electricity. He knew nothing of music. Did he mean

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to put up the money and the factory? Just what was I getting into? Fortunately there was time to puzzle out all this. I must confess that just at this point the con man did not know whether he was conning or being conned.

But it was the beginning of winter and no factory could be built till spring in that frigid part of the country. Meantime I could proceed with my experiments and get my patents. This I did. Without going into tiresome detail, I applied for eight different patents on electrical apparatus for the playing of a piano according to the theoretical plan I have already explained. My lawyer handled all of the legal end and saw to his satisfaction that all eight claims were allowed. He was not a patent attorney and did not appreciate the significant fact that none of these patents was in any sense basic.

The man had by this time put up considerable sums of cash and given his services in return for stock. He meant business—so much was certain—but still he had me puzzled. Spring came and ground was broken on the first warm day for a factory whose plans I had myself drawn. In eight weeks it stood there in a populous part of the city, all of concrete and steel. I had purposely planned it for conversion into a garage. Frugal soul that I am, I wanted the building to be some sort of asset after the great blowup so sure to ensue.

This factory had cost twelve thousand dollars, which the attorney had put up out of his own money. Now there could no longer be any doubt as to the man's seriousness, but I was more than ever puzzled and thoughtful. Finally one night it all came to me. The

man was really taken in. He had not been sure at first, but he had risked the first money to find out. The eight patent grants had convinced him, along with my constant building up and my enthusiastic claims. Once feeling certain of his ground, he had built the factory for me and taken a lien on the stock of the company for the purpose of getting the corporation involved. Subtle reasoner that he was, he had found a means to put himself in the way of seizing the whole thing. Now I understood the game. The rest would be easy.

Things began to hum in the factory. My piano was moved from the house to the new plant, and with it all the mysterious mechanism. In one end of the big factory room I set up the instrument. It stood free from the wall so that all might walk round it and inspect it for wiring. Each leg rested on a porcelain disk, ostensibly an insulator. But here was the deception. One of these disks and one of the legs were perforated—bored from top to bottom with a one-inch bit—and through this channel ran a cable containing eighty-eight wires, each one of which connected with a magnet under a piano key. The cable was led through the floor and thence between the floor and the basement ceiling to a room nearly a hundred feet away—a small dark cellar room. If anyone asked, it was used for electrical experiments of a secret nature.

Hard by the piano, deftly concealed in the metal work of the wall, was a set of microphones whose wires also ran down under the floor and back to this secret chamber. And from the phonograph still another wire made the trip back to the room of mystery.

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This was connected with an electric light, which flashed when I pulled the lever, starting the talking machine. At the other end of the microphone wires was a dictating-machine receiving instrument. But the marvels of this hidden room lay in a device with which the eighty-eight-wire cable was connected. This was nothing more than the electrical-player device of a well-known make of automatic piano. Instead of attaching it directly to the musical instrument I had connected it by wires. It played the piano from a distance, that was all. Simple, when you come to understand, wasn't it?

The next step was to provide myself with twenty or thirty piano records for the talking machine. I selected a variety of pieces played by pianists who also made rolls for the particular make of mechanical piano I was employing and immediately bought the corresponding rolls. So when a visitor picked out, let us say, a Chopin sonata played by Paderewski I had the roll to supply the music.

Now began my tests. My girl confederate took up her place in the secret room with the piano rolls at hand. I took my stand by the distant piano. In an ordinary voice I called for one of the selections. In her hidden room she heard me perfectly and instantly put the roll into the player. At the same time I placed the corresponding record on the phonograph. When I was ready I pulled the starting lever. Instantly the light flashed in the hidden room and my confederate threw the switch on the player. The phonograph at my side was silent, as I have explained. But the piano leaped suddenly into harmonic life. Only one thing caused me a little trouble: I had to do

considerable experimenting and practicing before I found the correct speed at which to operate the talking machine for each of the records. It would have been an absurd piece of blundering had the piano ever continued playing after the record was played out. But time and a little practice solved all this.

My sanguine attorney came hurrying to the factory as soon as I told him we were ready to demonstrate.

Everything went off beautifully. He was more than satisfied.

"Now then," said he, "we are ready for the fireworks. To-morrow night I want to bring about two dozen friends in here and knock them dead. I'll send up some folding chairs and we'll arrange for some refreshments. We'll pull off a stunt here that will bring in all the money we need in twenty-four hours."

That was all well and good, but I had still some schemes to perfect and some ground-work to lay. I put him off. Though the thing seemed all right to him, it was not yet perfect. Some slight changes had yet to be made, for I desired when he gave the public demonstration that he bring in some musicians and—if he liked—a few electrical experts. He was impatient at the delay, but the idea of musical and electrical people pleased him, so he gave in.

I was intensely busy about the factory for a week or ten days—or I seemed to be. Then I went to my friend with some money troubles. I was heavily in debt. I told him a story of recent marital misfortunes, a demanding ex-wife and her constant harassments. In short, I was in need of cash. I got it by pledging some of my stock. I got only two thousand dollars, but it was a starter. I neither needed nor wanted

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any such sum, but I had an end in view which had better be explained. According to our agreement I was to receive fifty thousand dollars in cash out of the first one hundred thousand dollars of stock sold. In addition I was to have one hundred thousand dollars in stock. Now fifty thousand dollars when one hundred thousand dollars in stock is sold is an indefinite sort of promise. There was the possibility that so much might never be subscribed, in which case I was tied down with a fake invention and no proceeds. Therefore I had to plan the hypothecating of my one hundred thousand dollars in stock.

This would come to me as soon as officers were elected. So much was certain. The rest was problematical.

I therefore spent more than a month building up my attorney toward the objective of heavy stock loans. I had, to work on, his enthusiasm over the invention and his hungry desire to get hold of a controlling share of the stock. He wanted of course not only to get his stock more cheaply than anyone else, but he had in the back of his mind the old idea of involving the company, squeezing me out and taking complete possession. And that was what I wanted him to do, but he must pay. Before long I had explained to this gentleman that when my fifty thousand dollars was paid me—if ever it was—I should have to turn it over immediately to persons who had claims on me.

“Well,” said he, “you’ll still have your stock.”

“Yes, I will have to borrow heavily on it,” said I.

“When the time comes,” he considered, “I guess that can be arranged.”

He saw the company already in his hands, poor avaricious man. Now I was ready.

A few nights later there was a distinguished gathering in my factory. About sixty people came, including the head of the local electric company, three or four music teachers, a bank director with whom my lawyer did much business, several other lawyers with their wives, half a dozen local physicians, a dozen business men with their wives—all of them friends of my man and all prepared in advance by him. These were the people who were to buy the stock in the wonderful piano—wireless pyanna, he insisted on calling it.

There was a great deal of bowing and milling, a wearying ordeal of handshaking and an hour of gossiping before we got started. I improved the time by liberally distributing a most potent punch on whose alcoholic content I had made some improvements after my lawyer's caterer had delivered it. Finally we were ready and I took my place. I made a little speech in which I explained the marvelous electrical principles involved—or said to be involved. I dwelt on the tremendous commercial possibilities of the thing. Next I invited the electrical man to inspect the piano, which he did in a hasty embarrassed way by walking round the instrument. I then asked the musical people to listen to the fine tone shading and expression of the piano. So as to avoid confusion, I announced, I would play as many records as I had or the audience would listen to, and I would announce each selection as I put it on the machine.

I placed a record on the talking machine and stepped toward the wall and the microphones.

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“Saint-Saëns’ Song Without Words,” I announced, “played by Paderewski.”

I stepped back and pulled the lever on the phonograph—but not until I had allowed by girl time to put on the roll. Her light flashed and she threw the switch. There was just the momentary delay while the phonograph burred slightly. Then the piano broke into melody. The audience sat spellbound and open-mouthed.

For more than an hour I kept pumping music at my prospects, everything from Beethoven to ragtime. Not a man or a woman stirred. When I finally let up and called it an evening there was a round of applause. The music teachers all talked at once. Everyone had some thoroughly informed views to air. I smiled and said little. Then I took the floor again and said my say.

I called attention to the real future of this piano for the first time, I told them. Before to-night I had been unwilling to let my imagination play with me, but now I was convinced of wonderful things. With this machine once on the market there would be a complete revolution in music, I said. It would be possible to play this marvelous instrument by wireless from any reasonable distance. To be plain, within a few years we would find aërials for wireless on all fine homes and pianos such as this in all drawing-rooms. Instead of trooping off to a concert hall to hear a great pianist the music lover of the future would subscribe to a wireless musical service. It might sound grotesque, but so had the notion of talking across the sea been called absurd. Instead of packing out into the snow and cold the family of the future

would sit cozily in easy-chairs by a comfortable fire, turn on the wireless attachment of the piano and listen to the playing of the greatest virtuosos of the day. The player might be a few miles away at the local musical house, or he might be in a distant city. Such were the prospective wonders of this piano. I wanted my audience to feel that this was an event that might well have historic associations in years to come. So I anticipated the radio.

The next day just before five in the afternoon my attorney called me excitedly on the telephone and told me that the hundred thousand in stock had all been subscribed.

It was not all paid in at once, to be sure. This gave me the added time needed. I went back to my man with complaints and money troubles. After much arguing and dickering I arranged to put up my one hundred thousand dollars in stock for a loan of twenty thousand dollars, not including the two thousand dollars I had previously borrowed. I calculated that the payments on the subscribed stock would all have been made in three months and so I arranged my loan to mature in that length of time. Now there was nothing to do but to go back to the factory, begin work and wait.

In due time the subscribed stock was taken up and I received my fifty thousand dollars. Less than ten days later my loan came due and the attorney demanded payment. I begged him for an extension. He knew how I was involved. In three months more I could pay up. The man's eyes grew narrow and his mouth hard.

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"You wouldn't call that business, would you?" he asked.

"There are better things than business."

"I don't know what they are. Anyhow, you've got good pay for your invention, you've had twenty-two thousand dollars for your stock and you got it when you needed it. I don't see where you have any kick."

"You mean," I asked dramatically, "that I am frozen out of my invention? You mean that you want to strip me of the thing I've put four years of work into?"

He walked off to the other end of the room and began dictating letters to his stenographer. I followed him and remonstrated with all the passion and bitterness I could put into my voice.

"I wish you wouldn't annoy me," said he.

I went out with forced tears on my cheeks. Downstairs I turned into a bar-room, bought myself a long drink and burst into uncontrollable laughter. I wasted no time in selling out my furniture and closing my house. And a few hours later the inventor of the wireless piano and his girl assistant were on their way.

When I passed through this city of adventure two years afterward I stopped for a look at things and then slipped quietly away.

They were parking tin autos where once the marvelous piano had ground out its golden song.

CHAPTER XI.

THE PUBLIC'S CREDULITY.

MANKIND likes to take a chance. It is the romantic impulse, the rebellion against workaday order and conservatism. To the poor driven mass of humanity the occasional risking of something on some issue, no matter how quixotic, is the color and thrill to light the drabness and dullness of life. And the outcome of the gamble matters little in terms of satisfaction. It is pleasant to win, but better to lose than never to know the explosive sensation of having something at stake.

The other day I was being bled for a pair of shoes when there entered a hasty and furtive person with a handful of slips. The salesman went quickly aside, dug into his pocket for money, exchanged it for a written ticket and resumed the shoe selling.

"Ponies?" I ventured.

"Lottery," said he.

"Ever win?"

"Not yet."

"How long have you been playing?"

"Not long. Five or six years."

I felt like arguing. Besides I wanted to know what was in this man's head. He was a member of the great sucker family, an illustrious line that interests me strangely. Was he so foolish as to believe anyone

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could ever beat such lotteries as exist to-day? Didn't he know an absolute fraud? He had been giving two or three dollars a month to these rogues for six years—some two hundred dollars.

"Well, I didn't lose much," he said sheepishly. "And I thought I had a big chance."

Here is epitomized the mind of a large part of the American public. People who work hard for small pay, see no light ahead and do not understand how to save are natural chance takers. A few dollars out of a month's earnings do not matter. They may be risked on the most outrageous gambles, the most impossible speculations. Bets—for they are no more—are put down on oil wells in Timbaktu, pirates' treasure in the Carribbean, the hoard of the temple of Quetzalcohuatl, the gold dust from the loins of El Dorado, under the waters of Guatavita, the mines of the moon and the pot at the end of the rainbow. The public lends its money in small individual amounts, but enormous totals, to all such fancies and does not often complain if there is no yield.

Yet men wonder how con games are possible and profitable. That large and vague body of humanity—the general public—insists on paying for forfeit dreams. I don't know what is to be done about it. I can only offer some education to the public, hoping that at least a part will profit. We will therefore next consider the mulcting of the general public by the con game.

From the beginning of my story I have applied the term con man and con game to a class of sharpers and tricks not generally included under this designation. To me whoever trades fraudulently on the

confidence of another or others is a confidence man, whether he erects and wrecks a \$30,000,000 or \$100,000,000 corporation, or whether he takes \$100 from some ebullient countryman. I would include under this generic term many whom the law does not now reach and I leave it to the judgment of ten years hence whether I am right. It is true that at present the great rogue escapes prison or pays for colossal iniquities with a small fine or a short term in jail, while the rougher and readier villain spends ten years in prison for a relative trifle. But times and judgments change—and so do laws.

The law is usually ten or twenty years behind the criminal. In New York State, for instance, it was impossible to send even the most flagrant con men to prison until, in 1907, the legislature finally changed a condition which had for many years made New York an *alsatia* for certain swindlers. In the celebrated decision in the matter of the People versus McCord the Court of Appeals had held that a complainant must come into court with clean hands. It was clear that the rustic who had bought green goods supposing it to be counterfeit money, or the merchant who had been lured into betting on a fixed race, came into the presence of the law with hands badly soiled. And the brave con lads of the time did as they liked. But laws were finally enacted to relieve this situation and laws will eventually make it at least as criminal to swindle a million as to steal a suit of clothes.

If I am correct as to those who constitute con men there are two groups in the profession—the big operators who descend on the public from the limbo of business and finance and the weaker brethren who

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come up from the nether world. Of the former and the forces that take them from legitimate to criminal practices I have already said enough. The colorful minor workers in confidence deserve attention.

Most of these fellows are graduated from three academies—the gambling house, the race track and the traveling show. Perhaps the turf has sent more students into con than any other school. It is not difficult to see how gambling, and especially crooked gambling, is an efficient preparation for the general swindler. Neither is the relationship obscure between the con man and the glib varlet who lures the public into fake side shows and boob-catching amusements. In the case of the race tracks the steps of transition are most clearly marked. The race track leads to the pool room; the pool room is cousingerman to the wire tapper's lair; the old wire-tapping game is certainly the basis for one of the hardest and crudest forms of con.

It is, therefore, not difficult to understand the origin of the swindling classes or to see by what means the ranks of defrauders are constantly filled up. Death and prison may take many an earnest worker from the flowery fields of con, but the sources of fresh recruits are fecund and the flow copious.

But many con men argue many victims. How is this supply of dupes kept up? So far as the fleecing of the general public is in question, there is one answer—the sucker list. Here is a pivotal institution of the confidence swindle. Its origin and history will be of sprightly interest.

Those whose memories go back as far as 1910 will remember the loud and painful explosions of wireless

companies. I do not need to recall the huge and agonizing losses suffered in these chimerical enterprises. I refer to them only to recall that at the time poor Cam Spear, who never originated anything in all his life, was generally accused of being the innovator of the infamous sucker lists. Many good people swallowed the charge whole, and I have heard it repeated hundreds of times while Spear was alive to deny it, and after his death.

As a matter of truth, sucker lists probably originated before Spear was born. They were not part of the gold brick and banco games, those very earliest American con institutions, but they played an important part in green goods. Wherever the mails were employed to canvass and attract the victim, sucker lists came into being. Thus these astounding rosters of gullibles were in use soon after the Civil War, and perhaps before, in connection with green goods, the next-of-kin or missing-heirs delusion, various matrimonial-agency games almost as old as the nation, the celebrated Spanish-prisoner fraud and many others.

In the '80's and '90's of the last century the bucket shops of certain large cities began to augment their business by means of the mail canvass, and here the sucker list entered the speculative field. In 1895 sucker lists were being used in New York, Chicago, Philadelphia, and many other large cities in connection with such frauds as came to a climax in the case of the notorious Five-Hundred-and-Twenty-Per-Cent Miller and his Franklin Syndicate.

Miller, a poor clerk who liked to play in the bucket shops, conceived the idea of advertising in the news-

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papers profits of ten per cent a week and thus attracting foolish money. He set himself up in a house in Brooklyn and cash poured in. He paid the dividends out of the principal and so lured his dupes into making constantly greater investments until his Franklin Syndicate had grown into an enormous affair. With the aid and legal advising of the notorious Bob Ammon he finally raised the thing to its fullest inflation and then decamped as the newspapers opened their batteries upon him. Miller was sentenced to ten and Ammon to five years in prison. Their sucker lists had been compiled from the answers to their advertisements, and this is still a method commonly used.

Only recently in New York a broker who decamped leaving a \$1,500,000 failure behind him, recruited a list of about 16,000 customers in about fifteen months by this system. Every one of his correspondents lost whatever had been trusted to his hands. The man had been a Western school-teacher. He had taught psychology in the high schools. One day he determined to try his knowledge of the human mind on the investing or speculating public. He set out for New York, became a sheet writer in a broker's office, graduated to writing stock literature and then launched out as a curb broker with just enough capital to pay expenses for a few months. The public paid the rest—one and a half million.

But advertising is only the most obvious means to the procurement of the names and addresses of persons likely to be interested in speculation. Certainly this method will not serve in barefaced con games. But there are hundreds of other avenues to the same point. In any city where there is a bourse there are

also dealers in stockholders' lists. These lists can be and are constantly being bought for straight and crooked uses. Again, lists are traded by brokers. They are sold by firms retiring from business. Lists of bond and stock buyers are surreptitiously copied by clerks working in reputable banking and brokerage houses and hawked about to all who will buy. Again, in New York State, where most speculative games center, it is the law that any person may have access to the names of his fellow stockholders. Thus it is only necessary to buy a share of stock in a concern to have a right to lists of investors.

Commercial-rating houses take all possible precautions to protect their lists from sharpers, yet these too fall into evil hands. Where fires occur these books are salvaged, damaged or undamaged, and sold to dealers, of whom they can subsequently be bought by swindlers. Again, occasionally a man employed in county clerks' and registrars' offices knows that lists of taxpayers are salable. Other men compile rolls of paid up life insurance, with the names and addresses of the beneficiaries. The filing of wills with the names of the heirs, the copying of bank depositors' lists, tabulation of school-teachers, rosters of professional men, also furnish further desirable names.

In the prosperous days of high war wages many dealers in prospect lists went to the big manufacturing towns, the shipyards, and similar places, where numbers of men were employed at high pay, and there they paid foremen, timekeepers and others for tabulations of the employees, often with their earnings set down opposite their names.

Such lists are sold to merchants as well as to con

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men, I may pause to remark. Finally, many names are picked up by watching transactions before the blackboards of brokers dealing in speculative issues, and many other valuable prospects are procured by advertising free financial papers, which contain news of the stock market and investing advice. Whoever sends in a request for the delivery of such a paper is a confessed speculator and a prospective customer or dupe, as the case may be.

Thus it will pay the average citizen to watch his step and to resist the impulse to feel flattered when some house with a high sounding name, ensconced in Wall Street or La Salle Street or Broad Street, addresses him about an investment or speculation. He may be no more than one of ten thousand prospective dupes picked from a telephone book or city directory. Postage is cheap.

Perhaps the very latest development in the field of the sucker list and the approach was that practiced in New York, and perhaps in other large cities, during the great stock inflations since the war. Here the mails were discarded and the telephone substituted.

I have spoken before of the enormous growth in the number of oil companies and the small percentage that are legitimate. Perhaps this insight into the methods of canvass will help to convince the reluctant: There are 2,000 or more brokerage houses listed in the New York telephone book and I am told by those who are informed that the total of individual brokers is about 6,000. It is said there are 1,200 telephone canvassers concealed in this number. I cannot guarantee these figures. I can speak from personal knowledge, however, of the manner in which many oil-stock brokers

used the telephone in recent years. These houses had rooms fitted up with dozens of instruments in booths. Here clerks or salesmen sat from nine in the morning until four or five in the afternoon going down the lists of telephone subscribers in alphabetical order, calling one after the other and giving an oil-stock canvass to every man or woman who would listen. The cost of the operation was only five cents, plus the wages of the clerk. With a telephone book containing 500,000 names to work on, the oil business went great guns.

But if it is now clear how the swindler and his victim are brought together, it remains for me to show how fraudulent stock and other supposed values are sold to the approached common people.

In this day and age a certain amount of enlightenment or gun-shyness is to be assumed. Few now buy stock if approached cold with any sort of proposition. The subject must be roused in advance, his interest stirred and his greed put to work. The mails are used for this purpose, but much depends on the manner of their employment. Ways round the obstacle of public distrust must be found and the con man's resourcefulness is taxed to devise constantly fresh allurements and disarmers. I cannot attempt to list all these pieces of finesse, but I shall try to give a few characteristic examples so that all may be forewarned.

A few years ago an inventor arrived in New York with a machine designed to turn out a commercial specialty automatically and at high speed. He was referred to me by an acquaintance and I was hired to concoct a suitable attracter of money.

On my recommendation the automatic machine was

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set up in a ground floor shop in a highly populous block on Broadway. As soon as the thing was installed and in working order I hired three very handsome blond show girls out of Broadway companies, paid them more than they could earn on the stage, dressed them attractively in black silk, with feeching bonnets and white aprons, and put them to operating the machine. They were there for two purposes—to show that women or children could operate the machine and to attract crowds, both of which functions they admirably discharged.

Men came in droves to see the pretty girls and remained in many cases to buy stock of the loquacious and plausible salesmen, who were ever at hand. This simple scheme, which has often been employed since, proved highly effective. After New York had been exploited to a frazzle the owners of the machine went on the road and set up their demonstrating plant and their blond show girls in cities half across the country. It need not add that the invested money was lost. My only connection with this thing was the suggesting of the selling idea, for which I received a fee.

A good deal more complicated was the mechanism employed by myself and another in connection with a copper company. This was a wholly fraudulent concern which owned a hole in the ground somewhere out in the West. I was casting about for something to employ my peculiar talents when a broker called my attention to his company and the slow progress he had made with the stock. He was employing a good old-fashioned mail canvass and follow-up system. He had sold small blocks of his highly speculative shares to about two hundred simpletons. These people

would buy no more and new customers were few and far between.

“What am I going to do?” the broker asked me with a helpless gesture.

“For half the profits,” said I, “the secret will be yours.”

A few days later there was a meeting of the directors of the copper company at which a resolution was passed withdrawing all stock from the market. At the same meeting the broker was instructed to notify all stockholders of this action of the board, which he promptly did by means of printed post cards. I don't suppose the stockholders were visibly agitated by this piece of news, significant as it afterward proved to be. Nevertheless, they were notified.

Within a week each stockholder received a letter from a brokerage house.

“We are informed,” read the letter, “that you are a stockholder in The — Copper Company—do you mind telling us how many shares of this stock you hold and whether you might be willing to sell?”

A few days later another letter was received by each stockholder, this time from still another broker. The letter said:

“We are credibly informed that you hold—shares of the common stock of the—Copper Company, which has lately withdrawn its stock from the market. If our information is correct we are interested in knowing whether you are willing to sell your holding and at what price you value the shares. Hoping to hear from you, we are,” and so on.

The next day a third letter arrived, ostensibly from a third broker, saying:

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“The recent withdrawal of the——copper stock, of which, we believe, you are a holder, inclines us to believe we can make you an advantageous offer for your shares. Please let us know if your stock is for sale.”

And finally came an epistle from W. C. Crosby, as follows:

“You must have noted that the —— Company has withdrawn its stock from the market. Whether the significance of this move on the part of the directors has occurred to you I do not know. However, I have recently been over the company property in the West and made a study of conditions there that will prove highly interesting to all stockholders. If I may presume so far I advise you not to dispose of the stock for the present. I expect to be in your locality sometime within the month and with your permission I will call upon you with reference to this matter.”

These various letters written and sent, I immediately set out to visit the stockholders. I went in one direction and the delighted broker in another. Thus prepared by the varied correspondence, the holders of shares everywhere received us with curiosity and even enthusiasm. Instead of coming with a stock canvass, we were bringing glad tidings, though I was careful not to say for whom.

I opened the engagement by recounting the excellent conditions of the property and the certainty of a great advance in stock values. Then I came to the point. Being informed of the situation, I had optioned a large block of stock at a low price just before the directors withdrew it from the market.

I did not have money enough to swing my deal,

and so I was offering the stockholders a chance to share in my profits in return for the use of their money. They were to buy as much of the optioned stock as they could finance at \$1.15 a share, which was what I had contracted to pay. The stock would be delivered to them and they were to hold it for the inevitable advance. No doubt they had already received offers. No attention was to be paid to these. I would keep myself conversant with the situation and indicate the right time to sell. When the sale was made I must receive one-half the profits. Everything would be in their hands and I depended on their honesty, which was above question, for the payment of my share.

In two months, during which we traveled in ten states, visiting our stockholders, the broker and I sold great blocks of the stock to investors who had previously refused to yield another cent. My share of the spoils, after deducting expenses, came to nearly \$19,000. I regret to record that the stock never advanced in price and it was thus impossible to hold my friends to their agreements.

Here are two typical schemes for putting in a blow over the public's guard. They go to show how futile is ordinary watchfulness.

It is not enough to be suspicious of the man who comes out of a clear sky with a stock proposition. It is not enough to distrust the stranger. The rule is that safe-and-sane enterprises do not hawk their stock about and that all stock promiscuously offered is potentially dangerous.

CHAPTER XII.

OIL AND YOUR MONEY.

IN most cases the swindles practiced upon the people at large involve stocks, but this is by no means the infallible rule. In most instances the people victimized by con schemes not aimed at a special class, business or profession, are the humble earners of wages or salaries, the small business man, the farmer; but this postulates not the slightest immunity for others. Persons of wealth and high standing are often taken in, usually by fakers exploiting some scheme that deals with the arts, the traffic in antiques or even the public interest in charities. The war brought a large number of charity frauds to public attention and resulted in the imprisonment of some of the conspirators. Others were too aloofly placed to be reached.

The swindler watches with a shrewd and all-seeing eye every development that may be turned to profit. So within recent years he has observed the growing interest in books and fine editions in this country. He has seen the great development of the bibliophile fever. He has watched the great mart for rare and costly books transferred from London to New York—and he long since interpreted this movement in terms of profit to himself.

Several years ago a set of schemers set out to de-

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fraud wealthy Americans, principally women, through de-luxe editions of books. The conspirators supplied themselves with numerous sets of books, mostly of the sort blessed with a slightly erotic flavor. These sets were bound extravagantly and generally in scandalous taste. Armed with such sets, the sharpers went to men and women of means and told a story.

Mr. So-and-So had long been in the market for the blank edition of such-and-such works bound by Nullo. It was well known that Mr. So-and-So was an enthusiast and had heretofore paid very high prices. But he had never been able to get just these books. The schemer had now such a set under option. Unhappily, Mr. So-and-So was in Europe and might not return for six months. Here was a great chance at profit likely to go to waste.

"How do I figure in this?" demanded the victim.

"I want you to buy the set from its present owner," said the con man. "It can be had for \$3000, and So-and-So will pay \$7500.

"If you will buy the set and hold it till he gets back from Europe I will put you in touch with the present owner and engineer the deal for half the profits. You are protected all the way. You buy the books in person, you hold them till So-and-So gets back and you sell them to him. I trust you to pay me my share, for I know you to be too wealthy and too honorable to defraud me."

This proposition was backed up by fraudulent telegrams and letters and in most instances with quite-genuine records of the purchases made by So-and-So and the prices paid. The names of some of the greatest American collectors were used by these bold oper-

ators, with the result that literally hundreds of wealthy or prosperous women, professional men and others were drawn into the scheme. Several of the women were duped into buying whole shelves full of these showily bound but otherwise commonplace editions at prices ranging from \$1500 to \$10,000 a set. Two women whose losses figured in the subsequent trials were victimized to the extent of nearly \$60,000 each. They discovered that the prospective buyer was not in the market for the purchased sets and that these editions were worth not more than seventy-five dollars—to give an average figure. Prosecutions landed the chief conspirators in Atlanta. The public loss was not less than \$500,000.

Ten years ago two young men reared in one of the smaller cities determined to start a building-and-savings association in their home town. One of them had credit and connections, the other the necessary business equipment. They launched out in a modest and honest way and soon built their business up to considerable proportions. Their success in this limited field and some of the profits they had been able to amass tempted them to spread their wings. Shortly afterward these two men opened a similar institution in one of the largest American cities. They advertised in the newspapers and periodicals, offering to pay four and a half per cent on savings accounts. It will be noted that they had eliminated the building feature from their calculations. In response to copious advertising came many letters carrying deposits. A very large class of conservative but simple people were drawn to this enterprise by the comparative modesty of its claims. The interest offered was higher

than that usually paid at savings banks, the claims of the company seemed to argue absolute safety and the amounts receivable were small. School-teachers, professors, clerical men and women and many others put their savings at the disposition of these men.

In a very short time the company came to have heavy deposits in hand. Shift was now made to employ this money profitably. One of the two promoters projected a great speculation in suburban building lots. He went to an attractive district on the outskirts of the city and bought up at \$1000 an acre a great stretch of unimproved land. This real estate was now used for the purposes of a swindle of a common type against which the public needs to be warned.

Each acre of land was divided into twenty lots, leaving space for streets and alleys. The land had all been bought in the name of the individual promoter, who now formed a real-estate corporation which he called the — Holding Company. This was, in fact, a subsidiary of the first company and was officered with puppets. To the holding company the promoter now sold the lots into which he had subdivided his unimproved land, taking a huge profit on each acre. The holding company in turn mortgaged the lots to the first company at the rate of about \$800 a lot. In this wise the first company lent the savings of the public, on which it promised to pay four and a half per cent interest through conservative investment, to the realty concern, and it lent this money at the rate of \$16,000 for each acre of land, though the men manipulating the deal had just bought the land for a thousand dollars an acre. The realty concern,

to be sure, turned over the borrowed \$16,000—or most of it—to the original promoter, who was the dominating figure in the land speculation, the realty company and the savings institution. Up to this point the thing bears the aspect of a most outrageous misuse of deposits. But an element of equity was now introduced.

The holding company began to advertise the lots in the suburban tract and tried to attract home builders. In order to make ends meet each lot had of course to bring an exorbitant figure, and we shortly saw small lots offered at \$1500 each in a tract that had cost \$1000 an acre two months earlier. Had it been possible to vend all this property at this enormously inflated figure the depositors might have been safe, but such exaggerated booms cannot stand up. A few lots were sold to gullible people, who thus became the secondary victims of these scheming gentlemen. But their chief sufferers were the thousands of innocents who had believed themselves conservative when they sent their savings thousands of miles to be held by advertising financiers whom they had never seen.

One day the bubble broke. The doors of both companies closed, receivers were appointed, the books investigated and the promoters arrested. A great scandal ensued, but in the end the cry and excitement subsided into empty tears and regrets. It was found impossible to prosecute the promoters with any chance of conviction, for there had been an element of equity in the transaction and it would have been very difficult to prove that the heads of the companies had actually designed the ruin of their depositors. They—or one

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of them—had certainly pocketed great and illicit profits, but that in itself is not an offense under our laws as they stand to-day.

The upshot was that the people lost two and one-half million dollars and no one was punished. No doubt many of my readers will recall this affair with more than impersonal feeling.

Every few years the fashion changes in speculations and in con. Within ten years there was a gold-mining rage, somewhat earlier a fondness for inventions, and in between a land craze. To-day the easy money in the country streams to oil. There are reasons for this—good and bad. There have, to be sure, been fairly recent oil strikes in both new and old fields. It is also true that the war developed a demand for oil and oil products such as had never been experienced, and prices rose with the demand. All in all, the legitimate oil industry is in very prosperous condition as some recent dividend declarations attested; but this has little or nothing to do with the great expansion of the speculative oil business.

In the very beginning of my story I referred to this—thousands of new oil concerns in eighteen months and only three per cent showing any assets. On what is this enormous growth based? Certainly not on the prosperity of the established companies. And, except in rare instances, not on any tangible discoveries of oil. The great speculative passion which came with the war and long outlived it has simply been seized as a medium in which to float innumerable oil-stock booms. One thing alone is certain about the situation—that a great deal of money has been and will be lost for the people. Ninety-seven per cent of

the new companies are without merit, according to competent investigation. Is that enough?

For the reason that oil is just now the chief medium of mulcting the people I wish to explain in detail the methods used by swindlers and wilcat promoters of oil companies.

Oil-stock companies are floated and the frauds perpetrated in three general ways: The stock of an oil concern may be offered from hand to hand in a small group or a single town. This is the confidential promotion. Everyone is made to believe that he is being offered a secret opportunity of wonderful value. The dupe becomes hypnotized and in turn aids to gull his neighbor. The promoters work in and out among the interested group and soon have the purses wrung dry. The second form of promotion is the advertising hurrah. This is generally worked from some large city through the newspapers. The stocks, units, participations, trust certificates, or what not, are offered at fixed prices, which are arbitrarily advanced from time to time by the directors of the fake concerns. The public sends in its money through the mails in response to the advertising and the mail canvass—and that is the end of the money. The third form of promotion entails the manipulation of an oil stock on the market, generally the New York curb. In all these plans salesmen may be employed to vend the shares.

Such concerns never, or almost never, have assets worthy the name. At most they own questionable claims in or near some established oil field—usually that most recently discovered. There may or may not be oil under the property of the company. No

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one knows who buys the stock. Normally the chances are ten thousand to one against the investor. In practice the odds are even much longer, for a promoter who has any substantial reason for suspecting the actual presence of oil under his leased land would be a fool of the first water to invite the public to his feast.

What these fake concerns trade on is the adjacency to their claims of an actual oil field. I cannot pause to go into long technical explanations, but it is a fact that the nearness of an oil field may mean everything or nothing at all. Gushers are brought in fifty miles from the known wells. Other borings only a hundred yards from a productive well may be dry as dust. The proximity of oil means absolutely nothing, unless one is on the spot and an oil geologist into the bargain.

One other warning: I am informed by practical oil men that \$50,000 will exploit the possibilities of any average oil claim. At the very largest estimate \$100,000 will sink wells enough to determine beyond all doubt whether any piece of property conceals oil in its depths. In most instances \$25,000 will do the work. But are oil-stock companies incorporated for such modest capitals? They are not. Generally the promotion is for a million dollars or more. Why? Because the companies were formed to sell stock. If the man tempted to speculate in oil stocks will bear this in mind always he will save himself money and sorrow.

A single reminiscence will cover the oil game, for it embraces elements of several of the dodges which swindlers in oil stocks come on the public.

Several years ago in one of the periodic flare-ups

of new interest in an established field a gentleman of long and unclean experience in the oil-promotion business was tempted to hurry West seeking whom he might devour. Arrived in the oil country, he spent several months looking for a chance to pick up a promising claim. Like all other crooked gentlemen, the promoter did not mind finding an oil well or a gold mine—for his own purse. But everything was bought up. Not a lease worth a single drill point could be had for love or money. What the old oil companies did not control was in the hands of local people, who held their land at enormous prices. There were no pickings left for the designing promoter. But he was a man of resource. Neither man nor Nature could lightly say him nay.

One morning he packed himself into a rented motor car and drove far afield. He cannot have been seeking oil, for he traveled beyond the tested and established limits of the field. Perhaps he was seeking something else. At any rate, he found it. Thirty miles beyond the farthest extent of the oil country he discovered a fine piece of undisturbed woodland. The trees stood as in the ancient days. Neither ax nor plow had disturbed the primitiveness of the place. A brook—or creek, as the natives called it—rambled through the woods. The red-headed woodpeckers drummed on moldering bark. Nature, detachment, opportunity! The adventurer bought forty acres of this excellent real estate for twenty dollars an acre and set out at once for St. Louis.

Here the enterprising gentleman set up an office, employed a stenographer and went to work. In three weeks he had a dozen men of small substance inter-

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ested in a new oil claim in his particular field. To each he had spoken quiet and provocative words. He wanted no noise, no advertising. This was a legitimate thing and no big money was required. He would take in only enough people to finance the thing in the most conservative way, for he was not anxious to give away a good thing to the general public. It sounded plausible. Several enthusiasts put up small amounts of money. The promoter immediately hurried back to his claim, accompanied by a person whom he had singled out as his confederate. On the way out he explained. He found that he had chosen wisely, for the elected sided in with the schemer's plan.

In about ten days these two men threw up a hasty shelter in their little wilderness, dammed the brook roughly at one point to form a pool and created an oil seepage. This they accomplished with nothing more complex than two barrels of crude oil brought from the adjacent wells and about three hundred feet of one-inch iron pipe. A hole was dug at a high point of the land and the barrels buried. They were then connected with the iron pipe and this was run through a narrow trench to a point within a few feet of the creek, well above the pool. The pipe ended in the ground, with a blind outlet. The oil could be trusted to seep the rest of the distance. The diggings were now carefully covered and tamped. Leaves, twigs and fallen branches were scattered about to conceal the operations. An oil claim had been salted.

In the next few weeks the schemer and his confederate guided a number of small parties of prospective stockholders to the claim. An unmistakable oil scum floated on the pool, and when it was allowed to run

off and the brook redammed the scum gathered again. No doubt this oil had been seeping so for generations.

The promoter organized a company capitalized at five millions. To those who questioned so great a capital he made the usual explanations. It might prove advantageous to buy up great tracts of land in all directions from the present small property. Who was to say at what point along the creek's course the seepage was coming from the earth? Examinations would have to be made and the land all along the creek might have to be bought up to keep others from sharing in the wealth. All this would take money. If a great development were to prove necessary it would be better to have a company amply capitalized. On the other hand, if small money would put the thing on its feet no one was more anxious than he to keep out unnecessary sharers in the spoils. These arguments have always quieted the fears of foolish people. They did in this case. Incorporation was for five million shares at one dollar, with half the stock for the promoter.

In six months he and his confederate had taken in about 900 local people for a total of nearly \$200,000. With this money some shacks were built on the land and options were taken on property upstream from the original claim. The natives wondered what anyone wanted with options on their useless land, but they pocketed the money and kept their peace.

Now with the money of 900 Western dupes safely in his pocket, the promoter had laid the groundwork for the great coup he had been planning from the beginning. Supplied with photographs, reports, letters of approval from his dupes and all manner of

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fabricated evidence, he set out for New York. As soon as he had established himself in offices in the Wall Street district the wily promoter began to recanvass his stockholders in the West, not for the purpose of selling additional stock this time, but to sound out the confidence of his victims. What he had to know now was what proportion of his original investors might be likely to dump their shares on the market, once they saw a profit. This was a very important consideration, for he planned to put his utterly fraudulent shares on the curb and bull them. He must know in advance how much of the Western stock was likely to be offered, for he must be prepared to buy all offerings and thus protect his artificial market. He had, to be sure, nearly all of the \$200,000 paid for stock by the St. Louis victims, but this sum was not too large for the ambitious program he had in mind.

The promoter's correspondence with his Western stockholders soon convinced him that the general rule would hold good in all but a few cases. Men who buy oil stocks at one dollar seldom think of selling when they see the market at two dollars. Instead they hold for four dollars, and when the quotation reaches this figure they resolve to wait for eight dollars. The promoter has seen to the establishing of this psychology. His initial claims have been so magnificent that most of his investors expect to get fifty or one hundred dollars for their one-dollar shares. They hold on through any market and eventually hold the sack. The schemer convinced himself that not two per cent of his dupes would sell at any reasonable figure. Now he was ready for the magnificent adventure.

In rapid succession he arranged with different curb

brokers for the handling of his stock. These men all knew that here was a grossly speculative affair, at least, in which the quoted prices would be absolutely arbitrary and created by washing of stock which never passed out of the hands of the promoter and his hirelings. This knowledge notwithstanding, they undertook to work his campaign for him.

More than that, they charged him very low commissions. Some of these houses make a great part of their money out of stock washing and they are not particular.

These preliminary arrangements made, the promoter flowered out one morning with the usual advertisements in the morning newspapers. He announced the curb listing of his stock, trumpeted the fictitious claims of his company and promised advances in price, urging all to buy while the buying was good. When the market opened his five brokers immediately began offering and dealing in the stock. The one-dollar shares plunged into their curb career at two dollars and fifty cents and the stock closed the day at two dollars and seventy cents. On the face of the market hundreds of shares had been dealt in. The truth was there had not been a single bona fide sale of a share. That was quite as expected. The second day the stock went past the three dollar mark and speculators began to take notice. Now the campaign began in earnest. Newspapers in all the principal cities carried constantly larger advertisements of this oil stock. And the market went slowly but surely higher. It touched four dollars and trading actually became brisk. Most of the transactions were still fictitious. In fact, the washing was on a greater scale than ever, but the

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public was becoming interested and the promoter was selling off some of his two and one-half millions in stock.

In a short time the market price of the stock reached five dollars. A stampede of buying ensued. The original stockholders, instead of selling and taking their profit like men wise and cautious, bought heavily at four and five dollars. In the climbing market they saw the substantiation of the promoter's vaunting claims. He had spoken truly. Their shares would go to one hundred dollars. They held on like grim death and bought ever more.

In New York the situation was quite as favorable. Some speculative buyers naturally took short profits. Having bought in at four dollars they were willing to sell again at five dollars. The promoter bought the proffered stock through his curb brokers and protected his market. Other sharpers on the curb began to sell the stock short. The promoter soon saw that these jackals were eating out of his purse. He immediately demanded delivery of the shares. The short sellers had none to deliver and were caught at a forbidden practice. Thereafter they let the stock alone and the wily promoter went on his flagitious way of profit.

The stock continued to rise. It touched five dollars and fifty cents and six dollars. The roar of mighty claims continued to resound in the newspaper advertisements and the sheafs of mail which went out from fifty stenographers to all who had bought the shares. More and more amateur speculators in every sizable city bought the stock. It touched seven dollars. At this price many shrewd buyers unloaded, but the schemer's receipts were now so large that such bits of

caution no longer discommoded him. He broke the market slightly and then started it back up.

The man understood perfectly that so long as he maintained a rising market not five per cent of those who had bought the stock would sell. Greed, greed, relentless greed possessed the whole speculating crew. A stock that could rise from two dollars and fifty cents to seven dollars steadily, month after month, with hardly ever a bad day, must have solid virtues behind it. Such a stock would surely go higher. Let us hold what we have and buy more. So the lambs summed the situation.

By this time the promoter was able to judge the psychology of his market accurately and to calculate his percentages. He found that about ten per cent of the income was eaten up in protecting his market. Another fifteen per cent was taken by the brokers' commissions. Constant washing of thousands of shares runs up the intake of the curb houses. The advertising and overhead consumed twenty-five per cent more, leaving just an even half of all receipts for the promoter. Remember, he was selling his own two and one-half millions of shares, not the treasury stock of the company. Since he was able to vend this stock on the curb at from two dollars and a half to seven dollars—a probable average of five dollars a share—it will be seen that his two and one-half million shares had an exploitation value of \$12,500,000. Supposing that the promoter might stick it out till he had sold all his stock, he might on this basis take down a personal profit of more than \$6,000,000—a lot of money to take out of a forty-acre woodlot and two barrels of crude oil.

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But the promoter did not drive his ridden horse to the limit. He had cleaned up more than four millions when he decided it was time to come the clean-up. He now hastily summoned his dummy board of directors, dominated by himself and his original confederate, and proposed that the bona-fide stockholders, who had paid money for their shares, be put in charge of the company. A dozen simple people who had bought most heavily of the stock were elected directors and officers of the company. The promoter stepped down from any official emoluments and left the concern to those who owned stock. These unhappy men were flattered to be elected to office in so prosperous a corporation. They felt themselves suddenly risen to financial election. They were no longer butchers and clerks and physicians, but financiers.

There was a meeting of the new board at which nothing much was done beyond the passing of a resolution of confidence in the promoter—the man who had made this wonderful company a success.

I regret to tell you that the cunning schemer then and there retired from the field and left it to his successors. The work and worry of his campaign had worn him out and he sailed for Europe to take a long rest. On the curb the shares still stood nominally at seven dollars, but if one came to sell he found no market. If he offered his shares at six or five dollars he was surprised to find that there were still no buyers. The support had gone from under and the whole monstrous inflation collapsed. In vain the directors tried to throw the treasury stock on the market, to develop the property in which they still had childish faith. A visit to the place disclosed that

the oily scum no longer gathered on the pool. The schemer's confederate had long since dug up the barrels, torn up the pipes and destroyed the evidence.

Here was a scheme in which victims had been allured by two of the three common systems used in oil-stock promotions. The confidential canvass had been employed to attract the Western stockholders, who yielded the money with which this man financed his greater flare in Wall Street, so that one set of unfortunates paid to accomplish the discomfiture of a larger group, and in the final stampede the original gulls allowed themselves to be further bled. Therein lay the novelty of this scheme. The final washing of the stock on the curb was no more than the usual thing. It is done every day with dozens of bogus stocks. Yet the public is ever willing and woeful.

CHAPTER XIII.

THE GOLD BRICK, MODERNIZED.

TO some it may seem astounding that such tricks as all these succeed; to a much larger number the thing will not fall strange at all. I verily believe that two men out of every three over this broad and populous land have been made to pay tribute to some form of con—great or small. I myself, for all my playing from the inside, have been taken in by rascals no more clever than the street vendor and tricked by a belated gentleman who needed to sell his watch at a great sacrifice. Deep down in all of us there is that fundamental impulse for chance taking which is pedestaled on greed and the sense of the romantic. When I look back upon my fuscous days I am shaken with a laughter of wonderment.

I have seen two brothers rise to vast and venal celebrity in New York in a way to astound the most credulous. These boys came out of a somnolent Missouri Valley town, where one had been a drummer with a penchant for the bookmakers and the other a haberdasher. A small account in the corner bank had been their nearest approach to finance. If they knew the difference between a bond and a share of stock before they hit New York I am mightily surprised. Yet they set themselves up in an office

building, sent their advertisements broadcast over the country, raked in several millions of dollars. A pair of untutored small-town boys had taken in many thousands of good, honest, shrewd people, all quite up to the average of insight and intelligence, I assure you.

Worse yet, within six months a man set up the claim in the great and cynical city of New York that he had discovered asbestos deposits on a large estate on Staten Island, which is part of New York City and only a fifteen-minute ferry ride from Wall Street. The truth was that on this property there were stratified rocks containing minute deposits of asbestos—about enough to make the recovery of a dollar's worth of the material cost fifty. Yet this schemer formed a company and hawked his stock in New York.

One Sunday afternoon the promoter was showing a group of about fifty stockholders over the property, pointing out big boulders of limestone as solid chunks of asbestos. Unhappily the owner of the estate had returned unexpectedly from the West. From his veranda he saw the numerous party prowling about in his cow pasture and was naturally led to saunter over and discover what the sudden interest in his thistles might portend. The promoter assured him that these were the stockholders of a mining company who held an option on this land for the removal of the asbestos. From whom had this option been had? From the owner, to be sure. And who was the owner? Mr. John V. Blank. Mr. Blank, who did not know whether to be amused or angry, asked the speculative gentleman if he had ever met Mr. Blank and, being answered in the affirmative, asked his guest whether he noted any suspicious resemblance. The visiting stock-

holders withdrew. The next day Blank complained to the district attorney, who notified the promoter that his stock selling must cease. Word of it got into the newspapers. In spite of all this the promoter continued to sell this worthless stock and the public continued to buy it. The offices of the concern had to be raided, the doors padlocked and the promoter cast into jail before the public credulity caught its brakes.

Verily there is no limit to the vacuous guilelessness of mankind. But perhaps you think there is. Surely, say you, there are forms of confidence gaming which can no longer succeed anywhere. Certainly no one in these days would buy a gold brick, for instance. Listen, my children, and you shall hear.

In the dying months of 1920, Josiah Jones, a gentleman full of years and crotchets, swore at his nurse for the last time, turned his face to the wall and passed, let us admit, to a better world. Life had dealt not gently but substantially with Josiah, and he left his only nephew something like \$150,000 to ease the younger man's grief. Josiah had been a solid rather than a prominent man. The local newspapers announced his passing and chronicled the facts and figures of his will. The city journals contained a paragraph each about Josiah's dying and devising. Most men wondered whom this ordinary event might interest. Of that again.

Josiah had been dead three or four weeks and his nephew was just come into possession of the estate when a telegram arrived from Arizona addressed to the dead man. The nephew naturally opened it and read with puzzled and startled eyes:

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“Congratulations. Claim turns out all expected and more. Letter follows. Strictest secrecy necessary.”

Young Josiah was a badly confused heir for the five days required for the passage of a letter from Arizona. At last came the day and the epistle, in a large envelope, carefully addressed and backed, registered and sealed with dabs of wax. Young Josiah took this portentous-looking thing into a slightly unsteady hand and tore it open. He found this letter, written in ink, with some misspelling and regrettable solecisms in punctuation:

“*Dear Friend*: It gives us great pleasure to tell you the great success that has just come our way. Again congratulations and thanks. Our venture has turned out wonderfully—past all our expectations.

“We had nearly used up the last two thousand you sent us when we hit the yellow stuff last Thursday. We struck a ledge that is the richest thing we have either of us ever seen in this country. In four days we have taken out by hand about \$80,000 in gold values. We have all this gold in hand and will do nothing in the way of disposing of it until you are here to receive your half interest.

“Would suggest that you come at once if you can, as this matter is of the greatest importance and a lot of things have to be done quickly and quietly. We think we’ve got a mine that will develop millions.

“You understand how strictly confidential all this is. More than that, there are certain details that must be attended to before we are at all safe. Our mutual interest demands secrecy for the present.

“Can you come at once? Are at Blank’s Hotel as

usual. Please let us know at earliest convenience. Hurrah!"

Young Josiah trembled with excitement and a fine cold perspiration developed between his shoulder blades. It was not at all strange that his uncle had never said anything of this mining venture of his. He was secretive by nature and resented the slightest inquisitiveness on the part of his prospective heir. So he had been venturing in gold mines and now he had struck it rich after he was dead and gone. Well, well!

Young Josiah wondered just what he ought to do. He felt like consulting the family lawyer. Should he? Strict secrecy was enjoined. Perhaps he had better not be rash. Evidently Uncle Josiah's partners in the West did not know of his death. Well, until things cleared up a bit it was better so. With the old man dead, they might try to do his estate out of its rightful share. The longer he pondered the affair the more young Josiah was convinced that he ought to go West as his uncle's representative. Next morning he sent this wire:

"Unable to travel. Am sending my nephew with full power to act for me. Will leave Tuesday evening at seven-thirty; arrive Sunday night. Please meet him at train."

That night there was mirth in Arizona and the desert hills shook with joy. The prospectors laid by all care and drank the health and uninterrupted prosperity of Josiah. True, old Josiah was dead this month or so and had gone where health might be a matter of indifference to him, but the thought of

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prosperity, it seemed, had charms to make his spirit transcend the tomb.

"All of which proves," observed one schemer after his fifth imbibition of purest bootleg, "that the dead are alive."

"Or the live ones dead from the neck up," suggested the other into his glass.

Such candor convinced them both that they had been drinking too much and they went off to their rooms and to sleep. In the morning one man set out for the mining claim and the other took himself out and sat for hours in the sun acquiring a tan which the circumstance of his very recent arrival from the East had denied him. A delicate pallor might strike even young Josiah as unsuited to a rough prospector. So he continued to sit in the sun. The days passed, and the nights. At length came Josiah—bag, baggage and anxiety. The sun-tanned gentleman greeted him as he came from the step of his Pullman with a hearty Western handshake and much outpouring of enthusiasm. After a session of explanation and a drink or two of such stuff as made the delicate lining of Josiah's interior quiver with resentment the newcomer was put to bed. With the first trickle of dawn he was set astride a horse and the schemer led the way to the wilderness. That night they camped out on the mesa. The next morning they began the ascent and about noon they joined the other man in one of the loneliest, man-forsakenest bits of scenery on file in a county clerk's office.

With great solemnity and careful searching of all the horizons the two confederates led Josiah into a cut and showed him a place where yellow-looking stone

and gravel had been disturbed. This, said they, was the outcropping of their mine; this was their ledge; that stuff was gold ore. And how was Josiah to know? One doesn't acquire a speaking familiarity with iron pyrites on Boston Common.

Once more the hardy Westerners searched the distant sky line for possible peeping coyotes before they led the breathless Josiah into a natural cavern. Here they scooped away the earth, drew forth a box, threw back the lid and disclosed to the eyes of the astounded young man a sight which no man ever forgets—his first glimpse at a hoard of gold. There lay the precious metal before the man from the East, grinning at him with a cold red balefulness, coquetting him with treacherous bright eyes—\$80,000 worth at least, he was told.

The two swindlers explained their method of mining.

They had stamped the ore by hand, which wasn't hard to do as it was nearly pure gold loosely held together. Then they had melted down the metal and poured it roughly into holes they had scooped out in the sand. That was why the ingots were rough and uneven. But see how they shone with the untarnished brilliance of the noble metal!

"Feel the weight of the dern stuff," suggested one of the pair, tossing one of the ingots at Josiah.

"Cut into it with your knife," added the other. "It's as soft as lead. The simon-pure stuff."

Young Josiah did as he was bid, wondering more and more.

They sat in the grotto and talked. Evening came. One of the men got out a skillet and some rough pans and gave Josiah his first rasher of bacon cooked in

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the wilderness and his first taste of biscuits from a camp oven. They went out and watched the purple gloaming wander over the mountains and the retreating desert. They let nigrescence and complete blackness steal over them without noting or caring. The stars were spread above them in a golden fresco. The moon boiled up out of an aureous floor. One of the conspirators lay back on the cool stone and began to sing from a pleasant throat. He sang joyously and blithely, like a man who has tasted "triumphant love, effective enterprise." And the spirit of his voice went into Josiah.

After a while they went back into the grotto, lighted a fire at the mouth to take off the chill and had a good confidential chat.

"Let's put the stuff away first," said one of the confederates as they sat down to their deliberations.

"Don't," protested the other. "Let it stay. I like to look at it and know it's mine."

He patted the ingots fondly and Josiah decided that he was a man of sentiment. But they got down to business presently.

"I suppose your uncle has told you how we met and got together on this thing," the songster began.

"Don't believe he has," ventured Josiah.

"I was back East two years ago looking for capital when a friend of mine introduced us," said the speaker easily. "I told your uncle about this prospect and he was willing to risk a few thousand. Four thousand he put into this thing—not much, but just what we needed. We couldn't have got on without him. We owe the old man a lot. But I guess he'll never regret the coin he lent us."

"So that's how it happened?" said Josiah meditatively.

"That's the way," said the other. "Wonder what the old man'll say when you come trooping back East with \$80,000 worth of gold in your baggage!" He laughed in anticipation.

"You don't mean that I'm to carry that gold?" said Josiah in alarm.

"Certes, m'boy," said the other conspirator. "That's what you're here for."

"But," argued Josiah, "why not sell it here and send uncle's share back by check?"

"That'd be better," said the first speaker, "except for certain facts which we'll explain. I asked your uncle to come out here for very good reasons. He wouldn't need explanations, but you're new to this and I suppose you do. We can't sell the gold here, because if I go to an assay office or a bank and try to dispose of this stuff the first question will be where'd I get it. Then I'd either have to tell where my mine is or they'd take me for a thief."

"But why not tell where our mine is?"

"Good Lord!" ejaculated one plotter.

"That won't do," said the other.

"But it's our mine—or yours, isn't it?"

"Sure as you're born," said the first speaker, "but in this state there is such a thing as an apex law. I don't suppose you know what that means. I'll explain: The law is that a gold vein belongs to the man who owns the claim at the apex of the outcropping. If gold crops out on my land and the same ledge or vein crops out on yours and your land lies higher than mine the gold belongs to you under the apex law.

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The law was passed to keep people from digging gold out of a mine that happened to run under their property when the vein had been discovered and was being mined by others. There had to be some way of determining the ownership and it suited the interests of the time to pass the law."

"Well," interposed Josiah, "we're pretty high up here."

"We are," agreed his informer, "but others are higher and it happens that our gold vein crops out on the claim just next door. The man that owns it don't know about it, but we do. The minute we disclose that we've found as rich a ledge of gold as this is there'll be ten thousand people up here, the apex of the ledge will be found and we'll be done. Get that?"

Josiah gazed at him in silent understanding and terror.

"That's the reason for secrecy," said the other man.

"I begin to understand," added Josiah.

"Now then," the speaker resumed, "what we've got to do right off is to get money to buy that next claim and several others right round us. We want this whole thing for ourselves. There's a hundred million of gold in that ledge and it's all for us if I've got anything to say about it."

"You bet!" agreed Josiah heartily.

"Then there's just one thing to do," said the supposed miner. "You get the money from your uncle to buy this land and we turn over all the gold. You take it back East, where your uncle is well known and can dispose of it without trouble. By the time you get there we'll have the apex and all the surrounding

claims under title and the golden goose will be laying for us and nobody else."

"How much will it take?" asked Josiah.

"At least \$40,000," was the reply.

The young man from the East whistled and considered.

"I can't do that," he said finally. "Forty thousand dollars is too much to risk on a gold claim."

"Risk?" exploded one of the pair. "Where do you get that stuff? Ain't you taking \$80,000 worth of gold with you? It's us that's risking."

Josiah sniffed a little at Western grammar and remained unconvinced.

"You see," the smoother conspirator began, "my partner here is right. There's \$80,000 worth of gold in those ingots. No trouble about proving that. Half of it, or \$40,000 worth, belongs to us and half to your uncle under our agreement. Now all we ask is that you get us cash for our part of the gold without letting our secret out here and ruining us all. To be fair, you ought to pay us more, since your uncle must put up his half of the expense of buying the adjacent claims. But we don't stop to quibble about that. The old man is square and we'll be all right when it comes to settling up. We know we can trust him and he knows the same about us."

"If we wasn't on the level, why did we send word when we found this stuff?" interjected the second man. "We coulda kept our mouths shut and ducked with the whole thing."

Josiah was trembling between decisions. Everything looked favorable. The gold lay there glinting at him and filling him with impossible seductions. Yet

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he was by nature cautious. And his caution prevailed.

"I'm afraid I can't do it, gentlemen," he said at last.

"Well," said the leader, "we'll have to wire your uncle then and take a chance on our telegram being read. We can't let a thing like this slip away from us." The hurrah once again.

Josiah was caught. He was practicing deception as to his uncle's death. A telegram sent East would fall into improper hands, or it would remain unreceived, be returned and thus betray his game. He had to make his decision. All night he tossed in his blanket and went half distracted with uncertainty. He went off to sleep at last with one question: Was it really gold? He woke with the doubt on his lips.

"How do I know that stuff is gold?" he demanded.

"Ha, ha!" laughed one of the pair rudely. "Whaddaya think it is—tin?"

"It can do no harm to take a chunk or two to a jeweler and have it tested," said the other. "Pick out any of the pieces."

In reply the man who sat by the heap of ingots carelessly tossed Josiah two pieces of metal, one large and one quite small.

"These do?" he inquired nonchalantly.

"Yes, thank you," said the polite Easterner.

"All right, put them into your bag," said the speaker. "My partner will load the rest on his horse and take it straight to the hotel. When you're convinced it's gold we can weigh the rest without taking it out of a bag and easily find out the total value. We must be careful."

So an agreement was reached. In two days they

were back in town and that afternoon the confederates went to an assayer and had both the ingots drilled to the heart and tested. They were practically pure gold and worth a little more than twenty dollars an ounce, unrefined as they were. An hour later the whole hoard was put into a wheat sack and dumped on a butcher's scale in the main street. The total weight was nearly three hundred and fifty pounds avoirdupois. A little rough calculation done in Josiah's room at the hotel convinced him. Four thousand troy ounces would yield \$80,000 or better. He had somewhat in excess of this. At last he felt satisfied. The ingots were turned over to him on the spot and he fondled them one by one as he counted the whole number into his trunk. With clothes wadded under the precious burden and more piled on top he felt reasonably secure.

It took nearly two weeks to draft forty thousand dollars from his home, during which time he slept fitfully and never ceased to watch the trunk. He suspected everyone. He imagined his partners might open his trunk and substitute other ingots—in which he did them a cruel injustice. Finally the money came and the vigil was over. He inspected his chunks of gold once more and found them the same. Then he turned over the money, got aboard his train with his precious trunk checked and insured and set out for the East.

Two ingots weighing respectively twenty-three and eight ounces were found by an Eastern subtreasury to be of pure gold and worth about six hundred and fifty dollars. The other rough castings, weighing four thousand ounces, were of finest brass beautifully gold

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plated. Their value was negligible. Never had it occurred to the cautious Josiah that plated gold bricks, of which he had heard so much, might be made in this rude form.

These two swindlers are among the most celebrated con men of the day and the only gold-brick operators still in the field, I believe. They were spending the winter—and summer—season in Atlanta when I was down that way recently. I spent a good deal of time in their society and they told me this flagrant story.

CHAPTER XIV.

THE PEOPLE'S LIBERTY BONDS.

THE close of the world war, in the course of which many billions of dollars' worth of Liberty Bonds had been distributed into the hands of people who had never before owned and perhaps never seen a security, brought about one of the greatest of our eras of swindling. My confidential brothers went out into all parts and levels of the country and proceeded to take the "good as cash" government bonds away from their innocent holders by every device known to the fraudulent profession.

This operation was, by the way, in no sense confined to such men as are commonly rated as crooks. We know to-day that the whole financial organization was intent on what is called getting securities into strong hands. To that end the market was depressed and government securities whose value was no more to be questioned than the credit of the nation went down as low as eighty-two dollars in the hundred. Many innocent holders became alarmed and sold at such prices. Many others were forced to pocket this loss when they needed to convert their securities into cash. To-day the bonds are back at par and better. The gentlemen who know money and the market made a fine killing.

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But I am more interested here in the work of the confidence men and the raw games they began playing back in 1918 and are still playing. The underlying purpose of all such games is, of course, to get foolish people to exchange their government bonds for worthless stocks. During the great oil boom of 1919-1921 billions of dollars' worth of government bonds were thus traded and their foolish holders mostly still nourish the sad notion that the blue sky stocks they hold are somehow going to be worth something.

I am not overstating the amounts when I speak of billions of dollars. Mr. Edwin P. Kilroe, assistant district attorney of New York County, who was in charge of the prosecution of stock swindlers when the oil boom and the attack on the people's bonds was at its height, told me that not less than half a billion a year was being lost in New York alone. Again, Mr. William Winter, counsel for the Associated Advertising Clubs of the World, an organization which investigates and exposes stock and other frauds, estimated for my collaborator that the annual capitalization of oil companies in this country for 1919, 1920 and 1921 was in excess of 3 billions a year. Of this total more than 2 billions per annum was the stock of thoroughly bogus companies, which never turned back a dollar to the people who paid money for it or gave Liberty Bonds in exchange. The colossal size of these losses needs to be remembered by everyone who reads my revelations.

As I may have said before, the man who robs his dupe by an utterly worthless stock proposition, on the market or off, is just as much a confidence man as the veriest bunco steerer who ever sold his rustic the

Brooklyn Bridge, the Masonic Temple or the power rights to Niagara Falls. All this enormous skinning of the public comes under the head of con. It is true that present-day laws do not reach the speculative swindler with any degree of effectiveness. Those of this crew who go to jail are few and sparsely strewn. Our attitude toward business morality has not yet reached that point where a successful crime is as heinous as a miserable failure. But the day of the saner justice will come and I should not be surprised to see it rise out of the present situation.

Perhaps the commonest of all the Liberty Bond frauds was accomplished by what is politely called understating the market. A so-called broker sets up an office and advertises that he buys and sells Liberty Bonds. Such schemers generally attract only the most humble and ignorant, but it seems there are endless human unfortunates in this class, for houses of this sort sprang up in every part of the country. New York City alone numbered hundreds of them, and the metropolis likes to believe that its inhabitants are at least as wise as the run of Americans.

Let us say that some poor devil who bought a fifty-dollar or one-hundred-dollar Liberty Bond must have money immediately for his rent, for a case of illness, for any of the thousand small reverses that come to the humble. He went to the nearest bond buyer and offered his security. It was then off a few points in the market, to be sure. The broker magnified this fact, said the bonds were bad, the people had been cheated, the Government had done things amiss. He wrung his hands and was very sorry for his client, but it was doubtful whether he could find a market for the

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bond. He would try, however. Would the client call to-morrow? The unfortunate could wait, as the sharper well knew. He must have money at once. He pleaded, allowed himself to be haggled with and bullied, and eventually sold a bond worth fifty dollars for thirty. Cases have been recorded in which people were duped into selling Liberty Bonds for one-tenth their value.

Many persons of this same class, including hordes of foreign-born citizens, knew enough to realize that Liberty Bonds have a borrowing value. But these good people had no bank accounts, no ready access to banks and no friends who could introduce them. Moreover they stood in awe of the banking house, with the result that they resorted to the advertising neighborhood broker, who often was a crook. Here the owner was persuaded to take perhaps half the value of his bond as a loan. If he was lent some fairly decent amount the broker charged him an exorbitant commission. In one case which came to my notice six hundred dollars was lent on a one-thousand-dollar bond, but in addition the broker charged a one-hundred-dollar commission, pleading that it was almost impossible to get the money out of the bond—there were so many in the market. So he had a one-thousand-dollar bond for five hundred dollars. The next day he had sold the bond, pocketed the stolen profit and moved his office.

In other cases the broker followed this identical procedure, except that he did not decamp. When the loan was due he demanded payment. In three cases out of four the borrower wished to pay the interest and renew the loan. He was refused, to be sure, since his bond was sold the very day he hypothecated it. If

a borrower came in and laid down the cash various pretexts were used to put him off. If he knew his rights and became too troublesome a bond of the cheapest issue was bought and he must be satisfied with it, but in most cases he was no match for the swindler and took his loss.

These frauds are so simple and barefaced that they have almost no place in the quasi-respectable company of con, but they were worked in so many thousands of cases that I cannot disregard them.

One of the most pathetic and yet astounding cases which have come to light concerns that once high and luminous figure, Dr. John Grant Lyman, certainly one of the most opulent personages in confidence history. A few years ago this man rolled in spoliated millions, owned a string of horses, lived like a maharaja and dreamed of being admitted to the Paris Jockey Club. From that he fell to the kind of fraud men go to jail for. After his release he descended to ordinary get-away games, though for large stakes. These are swindles so crude that the perpetrator plans flight from the outset, like a housebreaker. Lyman was caught, to be sure, and sent to Atlanta for a short term. On his release he was utterly without funds. He had the irrepressible need of money, the overweening desire which explains the acts of so many criminals who get caught. Lyman went from city to city, setting up as a Liberty Bond broker. Innocent people brought him their bonds and he uttered worthless checks for them, taking to flight as soon as he had made a few turns. He was captured in Baltimore and sent to prison for ten years—this fellow who was once rated a genius in the Street.

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J. Frank Lilly, whose curb brokerage house failed in New York in 1919 for \$1,500,000 had taken Liberty Bonds as margins for stock trading from several thousand persons.

Instead of using the bonds for this purpose he is said to have bucketed the orders of his customers and used their collateral for his own trading on the bigger market. He was overwhelmed by his own losses and the claims of his bucketing clients, and fled. Then began that sad procession of victims in and out of the offices of the helpless and distracted district attorney, that doubly sad procession of people, shorn in one slash of their money and their inflated dreams.

But by all odds the simplest form of swindling in Liberty Bonds in which another supposed security is used is that known as the plain trade. Probably half the great total of persons who bought the government securities have been approached with this game. It involves nothing more than the constant and repeated booming of some highly speculative and usually worthless stock, carried on until the victim is hypnotized into exchanging his bonds for stock. For a little while the wholly fictitious market is kept going in the right direction. The purpose of this is to induce still further exchanges. Finally the bottom drops out under the stocks and the former bondholder finds himself stripped of his savings. The arguments, convincers, tricks, false reports and other devices employed to bring about these trades are almost as various as the kinds of human stupidity. How many thousands of honest people have been tricked no human being knows.

But it is not always so easy to trade men out of

their bonds, particularly those prosperous enough to own these sterling securities in larger amounts. For the benefit of such people several variants or complications of the trade are employed. The most common form of the complicated-trade game is accomplished as follows:

A broker canvasses by mail a large number of persons known to have Liberty Bonds or to have bought them. How such names are procured will be considered hereafter. After some tempting through the mails the victim is approached by a salesman, who tries to talk him into exchanging his bonds for a stock. He does not succeed at the time. The mail canvass continues and the stock is arbitrarily advanced in price from day to day. After a stock which was originally offered at one dollar, let us say, has been boosted to three dollars the salesman returns.

Now the stock has never been quoted on any market anywhere and has no salable value whatever. It has been arbitrarily raised in price on the books of the broker. The salesman forgets this. He takes out his quotations and shows the victim what a fool he has been. Had he traded his Liberty Bonds for the stock when it was a dollar a share he would now have trebled his money and he could if he so desired buy three times as many Liberty Bonds as he possessed. What a fool has this man been to hold bonds that are paying a mere four and one-quarter per cent! Will he persist in such folly?

In most cases the victim is overpersuaded and yields at least part of his bonds. The market continues to go up and he is stripped of his honest savings bit by

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bit. The stock remains with him as a token of his folly.

This general scheme may be varied and made complex and infinitum. The case of a Chicago gentleman will illustrate: He had invested about four thousand dollars in the first Liberty Loan and was cheerfully accepting three and one-half per cent when a salesman representing what was supposed to be a reputable stock house approached him with arguments. He was suspicious, but the salesman and the rank of his house soon disarmed the investor and he was shortly led to exchange his low-interest government bonds for a corporate issue bearing interest at the rate of six per cent. The dividends were paid, for the issue was safe enough in its way, and the investor was pleased with the salesman and ready to believe in his own acumen. When he was asked a few weeks later to make a second trade, by which he converted his bonds into a preferred stock paying eight per cent dividends, he did no more than hesitate. Three months passed and the dividend was declared and paid.

Of a sudden he began to be bombarded with letters concerning a highly speculative mining stock which was just then being heavily dealt in. In a short time the salesman, who had already made what seemed to be advantageous trades for him, summoned him to put his money into the mining venture. The investor had seen the stock rise from forty cents to one dollar and ninety cents. He was assured it would go to twenty dollars. With some slight misgiving he invested his whole hoard. Two months later he needed a little money and went to take a loan on his stock. The bank declined the security and he determined to sell.

I regret to record that once again there was no market. The supposedly reputable house had been a common stock-washing concern. I ask my readers whether this is not a complete con game, with all the elements of built-up, convincing and hurrah.

Are we to suppose by any chance that such stock houses are few or that this game has been played only here and there? Emphatically not. This very trick has been worked in every part of the country, and to what extent may be judged from the case of a broker who is now awaiting trial. This man is charged with having bought a large block of oil stock from the company at fifteen cents a share. He thus became an underwriter, with a strong inflection on the under. The broker is charged with having thrown this stock upon the curb washboards at an initial price of fifty cents and with having run it up as high as six dollars. At prices between these two figures he disposed of all or nearly all his shares. Then he stepped from under and the market collapsed, causing losses of very nearly two million dollars. One man was worked up to the point of converting seven thousand dollars in Liberty Bonds into this stock, having been led along by gradual stages.

Precisely the same tactics were used in a Western mine promotion, where the stock was run up to eight dollars for the purpose of unloading 750,000 shares of promotion stock. When this had been done the stockholders found their shares valued on the market at four cents.

These then are the variants of the common order of swindles aimed to deprive the public of its securities.

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They scarcely begin to suggest the range and riot of crimes against Liberty Bond buyers.

In the ranks of the criminologists—the theoreticians of this family—are many who hold to the economic hypothesis. They and most others are now quite convinced that the major breaker of laws is not generally a congenital defective. Taking the extreme opposite side in the outworn debate between the advocates of heredity and those of environments as the determinants of human conduct and character, these crime students set up the postulate that poverty is the general cause of crime. They have made elaborate statistical studies in many countries and are able to adduce much evidence.

In the main they are quite right, especially when they assert that most criminals come from the lower levels. Since most geniuses and most mediocrities must be assigned to the same origins, I doubt the value of the demonstration. That, however, is not the point here. No doubt poverty and want induce men to law-breaking. It is certain that famine and panic years in all countries show unusually long crime lists. But here is the insect in the unguent: The last few years in this country have revealed that over-prosperity breeds crime much more rapidly than does stringency. Feast is worse than famine.

Never have there been so many forgeries, bank and safe burglaries, housebreaking, holdups, sneak jobs, common larcenies. Most of these can be traced directly to Liberty Bonds and the surplus cash in many hands. Never have so many automobiles been stolen, for never before were cars in such demand at high prices. Thefts, robberies and burglaries of silk have made

their appearance in great numbers—almost a new sort of crime. The high price of silk and the great demand for it owing to general prosperity have brought about this condition. Finally nothing but the prosperity of the people, and especially their little hoard of Liberty Bonds, has been responsible for the titanic growth of frauds, swindles and related crimes. When fat sheep are plenty the nests of the vultures are full. Thus it happens that quite unheard-of devices came into existence. Liberty Bonds prompted the actual invention of schemes. Here are two little anecdotes along this line.

In a principal New England city, at the height of the third Liberty Loan drive, a gentleman called one of the largest banks on the telephone.

"This is Mr. Blank," said he. "I am a depositor in your bank." The actual name given was that of a very wealthy man with a large account. The bank was eager to please this rich patron.

"With whom do you wish to speak, Mr. Blank?"

"Someone who knows about Liberty Bonds," said the voice on the wire.

The clerk dealing with securities was connected and Mr. Blank proceeded.

"I bought quite a block of Liberty Bonds the day before yesterday——"

"Twenty thousand dollars' worth, Mr. Blank," the clerk interrupted.

"Now," said Mr. Blank, "I wish to make a present of fifteen hundred dollars' worth of bonds this afternoon. I am pretty busy and I wonder if you can favor me?"

"Certainly, sir. What can we do for you?"

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"I want to send a boy for fifteen hundred dollars' worth of my bonds. If I give him a note on my stationery will that be sufficient?"

"I don't see why not," said the clerk.

"Very well," said Blank, "I'll send down at once. Thank you."

Within half an hour a uniformed messenger boy appeared in the bank with a typewritten note from Blank duly signed with his unquestionable signature. The bonds were delivered to the boy, who also receipted for them.

It was three weeks later before Blank and the bank discovered the fraud. Detectives were set to work, and though they did not catch the swindler they discovered his mode of operating. A day or two before the swindle was perpetrated an unknown man had called Blank's office on the telephone and found that this gentleman was out of town. Soon afterward a man presented himself at Blank's office and walked in past the office boy. He asked for the rich man with an air of familiarity and when told that Blank was absent asked if he might write him a note. The boy brought a letterhead and envelope and the visitor sat down and pretended to write. In a few moments he called the boy and asked for more paper, saying that he had spoiled the first sheet. More was brought, a note was left for Blank and the visitor departed. With him he carried the letter head and envelope used in defrauding the bank of Liberty Bonds. How the criminal procured Blank's signature, which he forged to the letter could not be discovered.

This trick was worked in several cities in each

of the succeeding drives and the total loss was considerable.

A similar but even more baffling game was perpetrated several times in New York, also at the height of the loan drives.

Mr. Smith, who had bought five thousand dollars' worth of bonds a few hours before, received a telephone message at his office.

"This is the Downtown National Bank," said the voice. "Mr. Jones speaking. You bought five bonds of us this morning, Numbers 1016 to 1020."

"I don't know what the numbers were," said Smith.

"We find," the supposed bank went on, "that Mr. Brown, who also does business with us, has the numbers just under and just over you. He has asked us to get him the five bonds in between so that he may have all his bonds in a consecutive run of numbers. Do you mind if we ask you to let us have your bonds? We'll deliver others in their place as soon as the Federal Reserve Bank opens in the morning."

Mr. Smith was anxious to be accommodating and said so.

"Very well," said Mr. Jones of the bank, "if you will be so kind I'll send a boy with a note, which you can keep as a receipt for the bonds, and we will deliver the substitutes promptly."

In a few minutes a boy, who looked as if he might have come from the bank, presented himself in Smith's office with a typewritten note on the bank's paper and in the regular envelope. It was signed by Jones, with whose signature Smith was unfamiliar. However, the depositor suspected nothing and gave the boy the

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bonds. When no substitutes were delivered the next day he reminded the bank of its remissness and was shocked to hear that no one had ever heard of the transaction.

So far as could ever be determined, this was not an inside job. It had not been perpetrated by an employee of the bank. How the bank's stationery and the numbers of Mr. Smith's bonds were procured remains enigmatic.

It goes without saying that these two instances are closely related to each other in technic and only distantly connected with con as ordinarily conceived. They are in truth con games plus forgeries. In that respect they are innovations. However, they caused no colossal losses such as have been occasioned in every other direction. Let us return to stock frauds, devoting attention to those of a more complicated nature.

It became the fashion when so many of the securities got into public possession to put up Liberty Bonds to cover margins in stock trading. The public has a right to believe that this practice is safe, and if the brokerage house dealt with is one of high character there can be no real objection. However, there are and there have always been many brokers who immediately misuse securities placed in their hands to guarantee accounts.

Mr. Greenback, who has Liberty Bonds and likes to speculate, goes to his broker, margins a speculative stock at ten points and puts up two Liberty Bonds of thousand-dollar denomination to cover his margin. The broker at once sells the bonds, for he has uses for any cash he can get his hands on. Instead of

buying the speculative stock for Greenback he merely records the order and buckets it. In other words, he is simply betting that the stock will decline in price, while Greenback bets on a rise. This is the situation in ninety of every hundred cases, as fully nine-tenths of all play is on the long, or bull, side of the market and it is literally true that many members of the speculating public do not know the short side, or knowing it do not understand how to play it.

Now it may be argued that there is no actual sharp practice here. A bet on the rising side is as good in the long run as one on the falling side, provided all things are even. If Mr. Greenback's stock declines and he is wiped out, what difference does it make whether the actual stock was bought? On the other hand, if the stock goes up the broker must replace the sold bonds or go to jail. Waiving the problem of discovering the crookedness of the broker, catching him, prosecuting him and peradventure getting back the bonds there is much more amiss.

Mr. Greenback's stock does rise a few points and he hurries to his broker to take his profit and draw down his bonds. The man of finance meets him with a broad smile and a hearty handclasp. He congratulates the delighted Greenback.

"I told you so, Mr. Greenback," says he with a familiar slap on the back. "We'll get rich out of this stock yet."

"I think I'll take my profit," says Greenback. "I know when to sell."

"Nonsense, my dear fellow!" says the broker. "The stock has just begun to go up. Instead of taking your profit you want to turn right around and invest

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your winnings. You ought to margin more of this issue. That's the way real money is made."

Greenback is finally persuaded. He has won three hundred dollars, let us say, and is induced to margin as many additional shares as this sum will cover. The broker has staved off a crisis and breathes more easily.

"Pray heaven," says he, "that infernal stock will drop out of sight to-morrow."

Perhaps the broker has means of causing the stock to do just that. He may be washing the stock or he may be in a pool which can afford to break an actual market. It has been done countless times.

But let us assume for this purpose that the stock is a standard security and that no manipulation is possible. Once more the broker must play for a fall and Greenback for a jump. But still the odds are not even.

Greenback's stock rises again and he has seven hundred dollars profit. He learns his luck and feels he ought to take his winnings. But he delays overnight. In the morning he finds a jubilant letter of the sort known in the trades as an "I told you so." The broker reminds Greenback of his heretofore excellent advice and repeats the admonition. Greenback must take his winnings and margin still more of the stock. And usually Greenback consents. He has faith in the broker, who had led him on to market victories, and he never suspects the bitter venom in the Street man's sack.

The unhappy stock buyer is now set out upon the most desperate of all games, pyramiding. The more he wins the more he wagers. In the terms of roulette he doubles his bets at each winning. How wild such a

procedure is may be judged by comparison with the gaming table. A rouge-et-noir player who refused to take down his winnings and augmented his bet every time the turn was in his favor would be considered utterly mad. Yet this is what the margin player is led to do by the broker, who is in the hole by virtue of Greenback's fortunate market. If Greenback stays long enough with his pyramiding he is certain to fall into the pit, for reactions come in every market and they come in a twinkling.

According to all odds Greenback is lost as soon as he enters this game and it was in anticipation of guiding the customer's steps into this tortuous path that the broker sold off the bonds and began the bucketing. Greenback does not know that he is betting against his broker or that the man has every reason to misguide him. He naïvely believes in the man of finance and relies on his judgment. Here is the crime. The broker trades on the confidence of his patron. He is a peculiarly dangerous kind of con man.

CHAPTER XV.

MILKING A DRY BREWERY.

IN a Southern city, very much visited by Northern travelers, a set of fraudulent brokers set up shop last spring. They advertised in the newspapers and soon began to issue a weekly stock paper of their own in which they boomed a stock. Just how they escaped jail I suspect, but cannot say. In response to their advertising they got the names of people inclined to speculation and at once addressed to these persons various letters and their weekly paper. Many were soon influenced to buy the stock, among them a prosperous butcher. His investment was small—less than two hundred dollars—and he could not be made to buy more. But the schemers knew that the man had bought heavily of Liberty Bonds and resolved that no such fat victim must escape. Accordingly a salesman was sent to see Mr. Bierman, which happens not to be the correct name.

“I think you are making a great mistake, Mr. Bierman,” said the salesman.

“Mebbe so,” said Bierman, “but I got enough right now.”

“Got all the money you want?”

“N-o-o-o, I couldn’t said dat.”

“Then you’d better get on. The going will be good shortly.”

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The salesman used his persuasions, bought some meat, which he gave to a shabby boy two squares away, and returned to see Bierman another day. He was in no hurry. Bierman wasn't likely to move. When the shop wasn't crowded the merchant didn't mind talking. Little by little the salesman filled him with persuasions too effective to be permanently resisted. Moreover, the stock was being fictitiously quoted at ever-higher prices. Finally, it was seen that Bierman was about ready for the hurrah.

"It's now or never," said the salesman to Bierman as they leaned at the end of the counter. "This morning you can buy five hundred shares for three thousand dollars. In four months the stock will go to fifteen dollars a share."

"Yah," said Bierman, "ef I vas sure it would be all ridet."

"I'll tell you how sure I am," said the swindler, bringing up his hurrah. "If you'll take this stock I'll buy an option from you. I'm willing to bet my money along with you. Take five hundred shares for three thousand and I'll give you five hundred dollars for an option at ten dollars a share any time in six months."

Bierman heard that he was being offered five hundred dollars and his mind immediately jumped over the intervening obstacles.

"How's dat? Explain it," said he.

"You buy the stock for three thousand and I pay you five hundred for the privilege of buying the stock back any time in six months at ten dollars a share. If I buy you get five thousand for the stock."

"Why you want to do dis?" said Bierman excitedly.

"Because I think the stock will go to fifteen. If it does you'll make two thousand dollars in addition to what I pay you for the option and I'll make twenty-five hundred. That's why."

Bierman puzzled this simple thing through his mind several times and finally grasped it—or thought he did.

"I do it," he said finally. "But I got to get money. I got only Liberty Bonds."

"Well, they're a little off in the market," said the accommodating salesman, "but you're a friend of mine and I'll take them."

And he did. He had cleverly tricked Bierman into paying five dollars a share for stock offered at six and worth nothing. By complicating the transaction he had blinded the victim to the reality. Bierman opened his eyes a bit later—and so did hundreds of others. They had all been defrauded by means of one of those little mechanisms of con ever old and ever fresh.

But the working of most games aimed at the Liberty Bond owner involves knowing who has such bonds and often the amounts of individual holdings. How are such names and figures procured? For general information on this point I refer my readers to my previous consideration of the sucker list. There are, however, several specific practices in vogue. The commonest is to buy lists of bondholders from bookkeepers in large establishments where drives were held. The employees in these places bought government securities in the course of the war and those who purchased in any amount may be presumed to retain their bonds.

Again, employees of banks have been known to sell

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lists of bondholders. The questionable bond brokers, whose places have mushroomed into sight all over the country, never fail to question a soft-looking customer as to his holdings. It will also be remembered that in the loan drives it was often a practice to announce large purchases by individuals. How many times were subscriptions cried from stages and rostrums with the names of the purchasers. In some communities the newspapers published the names of large subscribers to the various loans. The gentlemen who bought the bonds considered all this good advertising—and so did the con men, who made copious notes.

For instance, two gentlemen of the illicit persuasion arrived in a Central Western city six months since with a sheaf of very handsomely printed stock certificates in a trunk. These bespoke shares in an oil claim situated somewhere west of Suez. Let us call these brokers Black and White. Funds were low with both and a scheme that promised immediate returns was needed. After some hesitation these promoters decided to open two nominally distinct offices for the purpose of playing a shuttlecock game with the stock. This done, they began to advertise their shares in the newspapers and by means of a mail canvass. White's brokerage firm began it. That operated by Black stood by and pretended to buy loose shares on occasion. There was no market, prices being fixed arbitrarily in White's office—the good old-fashioned fraud.

After some preliminaries, during which the shares were worked up from thirty-five to seventy-five cents, White began to attack the local public with personal letters and salesmen. He got very little income out of it. The town was not falling for oil stocks just

then. In this crisis Black resorted to a bookkeeper employed by a very large manufacturing concern having about nine thousand employees. This man he managed to bribe, with the result that he shortly had a complete list of Liberty Bond buyers with their holdings. From a total of seventy-five hundred names Black now selected about two thousand who had bought the bonds in amounts above five hundred dollars. He turned this list over to White and a fresh attack was begun.

Through the mails and the mouths of salesmen the oil stock was now offered to all these two thousand persons. When the campaign opened the price was seventy-five cents and it was gradually advanced to two dollars. Still very little was sold, nor was this contrary to calculations. However, many persons had been interested and half persuaded. White now suddenly changed his tactics. One morning each of his two thousand prospects received a letter which said:

"We desire again to call your attention to — Oil common stock. This issue entered the market two months ago at thirty-five cents a share. To-day it is worth two dollars. We need not call attention to the opportunity which you failed to seize in this connection. Many others have taken advantage of it to their profit."

Two days later came a second letter:

"Have you any — Oil common stock for sale? The demand for this security is now brisk. We are ready to buy any amount at the market. Offered at two dollars. We will pay one dollar and ninety cents."

In a few days came a third letter, once more offering

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to sell — Oil stock at two dollars and to buy it at ten cents less. A fourth and fifth letter making similar offers followed, all from White & Co.

Then one morning a corps of salesmen set out from the office of Black & Co. They canvassed the two thousand persons already prepared by White's campaign. To a prospect they represented themselves as dealers in various stocks. They had no one variety to offer. Black & Co. were doing a general brokerage business. Perhaps Mr. So-and-So would like to pick up a few shares of Anaconda Copper or United States Steel? No? Then might he be interested in Standard Oil of New Jersey at a very attractive price? The salesman began going down his list. Without too much delay he came to — Oil.

"I've got nine hundred shares of — Oil common at one dollar and forty cents," said he carelessly.

The victim pricked up his ears. That very morning he had received another letter from White & Co., offering to buy any amount of this stock at one dollar and ninety cents.

"How much for — Oil?"

"A dollar forty," repeated the salesman, pretending to consult his list. "I've got a block here that we've had on hand some time. Why? Are you interested?"

"If you'll take Liberty Bonds," said the dupe, "I'll take all you've got."

"Glad to take the bonds at the market," said the salesman.

And it was done. By this means about two hundred and thirty thousand shares of absolutely worthless oil stock was unloaded on a single community of medium

size. The price ranged from a dollar twenty to three dollars.

However, the schemes aimed at our Liberty Bonds have not all been stock schemes. A gentle rascal operating from New York taught the country at large a quite different dodge.

In September, 1919, Edward Murphy, an ex-convict with several terms to his credit, appeared in New York and rented desk room in the offices of a real-estate concern established in one of the second-rate buildings. Murphy had printed a letterhead putting himself forward as the "Blank Manufacturing Company, rebuilt cars, dealers in tires and tubes and accessories of all standard makes." The address of the building where the man had desk room was in one corner and below it a telephone number which was not Murphy's, since he had no connection. In the opposite corner were the words, "Factory, Newark, N. J.," and in the center, "Established 1901."

Murphy procured from a jobber in such lists a roster of physicians and dentists in small towns as far west as the Missouri River. To several thousands of these men he addressed a letter on his prepared stationery. The letter said that the Blank Manufacturing Company had bought a large lot of a certain kind of cars from the Government and rebuilt them all so that they were equal to or better than new ones. It was offering these cars at great reductions. However, it wished to make the addressee a special offer. For one hundred dollars, half in advance and half on receipt of the car, the company would deliver an open or closed car with the understanding that the recipient was to show his car at reasonable hours to

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other prospective purchasers in his community. This was, said the letter, an advertising proposition. It would be made to only one physician and one dentist in each town. However, if no reply was received within ten days it would be assumed that Doctor Blank was not interested and the opportunity would be offered another man in his town. "Liberty Bonds taken."

In six weeks Murphy received more than seven hundred replies, and because Liberty Bonds were a few points below par the astute men of the tooth and the pharmacopœia sent in their securities. It is said the payments were made by bonds in four-fifths of the cases. Calculations made afterward showed that Murphy had taken in nearly forty-five thousand dollars. To certain of his victims he had offered higher-priced automobiles, so that in some cases he got as much as two hundred and fifty dollars.

The post-office inspectors and the New York district attorney descended on Murphy at the same time, only to find that he had folded his top like a benzine Arab and silently chugged away. He had not owned a single car of any description and he left some of his printing bills unpaid. Such is con's ingratitude.

In one of the loan drives a wealthy widower made a little capital out of a hundred-thousand-dollar purchase of Liberty Bonds. So likewise did a con man named Dunne, who chanced to be in that particular city at the time. To the con man a person who advertises his wealth is always a prospect. Ingenuous public display of purse pride is a sure token of mental insufficiency of one sort or another. So Mr. Dunne believed, and he demonstrated it.

For some time no feasible plan came to him. Then

as the brought bothered him one night and he felt like pulling out for the North, where in those days a man could still slake a thirst, he was bitten by inspiration. A deserted brewery stood in this city, a dolorous, gray, monumental place, a monitor of inebrious days gone by. Dunne had looked at it often with a sigh. He contemplated it suddenly with a smile. Within a few days he had bought an option on the place for a small sum. The agent who sold it had grinned. For five years the brewery had been vacant. Rust was gathered in its tanks and rust was eating the heart out of the refrigerating plant. Who wanted an option on a brewery out of brew, a drained flagon, a broken bowl?

Remembering that the wealthy widower had put a hundred thousand into Liberty Bonds, Dunne peopled the brewery with fancies and ideas. What a fine abattoir it would make, with its ice plant already installed and its vats ready for the rendering of lard! Dunne immediately organized a packing company for a quarter of a million dollars. He saw some of the business men and unfurled the pennons of his dream. The region was full of cattle and hogs. Why bring meat products a thousand miles? Why not build up a local industry and eat local meats at local prices? The business men liked the idea. As Dunne did not ask them directly to invest they had no cause for disliking. Evidently the capital was to come from somewhere else.

The widower heard of the project casually. No one asked him to invest. He paid no attention. Perhaps a brewery made into a packing house was not a bad idea.

Dunne having got the elements of his game together

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wrote North and urged the presence of Mrs. Penny, a woman of considerable experience in business. Her actual name is otherwise. In a week a lady from the North engaged an expensive suite in the better hotel of the town and established herself, opening a liberal account with a local bank, joining a church and maneuvering for social acceptance. The church was, to be sure, that attended by the wealthy widower and his son.

In three weeks Mrs. Penny had managed to meet the intended dupe. She was very gracious, and very good to look upon for that matter. It wasn't the man's fault that he was past sixty and she under thirty-five. Besides, it made no difference. He liked the Widow Penny and thought he did not show it. She reciprocated and seemed not to mind if he knew. He invited her to dine and she accepted. A friendship developed.

At about this time Mrs. Penny bought of Dunne a block of stock in the new packing house. The deal was consummated at Mrs. Penny's bank and a check for eight thousand dollars paid over there in the presence of the cashier.

A few days later Mrs. Penny asked her new friend if she might consult him in a matter of business. She had bought stock in the new packing house and wished he might investigate the proposition for her. If he thought well of the enterprise she might invest still more. In this way the elderly widower was brought to an interest in Dunne's affairs. He had retired from actual business seven years before and now seldom did anything beyond the lending of his capital. He went at his new duty with a feeling of importance.

He called on Dunne, who had opened an office, and went into the packing proposition with great minuteness. Dunne was, to be sure, prepared for this. He had made many and involved calculations, drawn plans, computed the costs of plant remodeling, set down local livestock costs in lengthy tabulation, figured the cost of labor, the overhead, the distribution charges, and so on, ad nauseam. All these things he had reduced finally to estimated selling prices of various meats. His finals were very much lower than the prices current. Ergo, his calculations argued that much money was to be made in meat.

The widower desided after ten days of conferring with Dunne that here was an able man with a sound proposition. He said as much to Dunne and to Mrs. Penny and felt he had discharged a duty nobly. Dunne quite naturally pretended to assume that the old gentleman was interested on his own account and followed his investigations with a series of propositions, to all of which the capitalist listened politely and invariably failed to respond.

He was not interested in the packing house, but he was decidedly intrigued by the capable and attractive widow. They grew constantly more intimate with every week. Mrs. Penny met the son, an idle boy of twenty-three, whom his father was genuinely anxious to start in business. The widow stimulated a motherly interest in the boy, who reciprocated with a much more dangerous sentiment. Without going into needless details, this clever woman shortly worked herself into a position so close to the widower and his son that she felt justified in making a suggestion. Why didn't the gentleman go into the new packing plant on a

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fairly large scale, get control of the thing and gradually establish his son in this industry? Here was a future for the boy and a great chance at profit.

The capitalist considered the proposition with care. He did not like speculations. He had never engaged in them and this was certainly a purely speculative affair. Most of all, he disliked linking his name with a thing that might seem a gamble to many of his conservative townsmen. All these things he guilelessly confided to Mrs. Penny and she saw the pertinency of his objections.

One evening when he and the pretty widow sat alone after dinner she became especially confidential. Little by little he had progressed to the stage of tacit wooing. He did not realize it and the notion would have frightened him. Nevertheless, there he was.

"Fred," said the widow, "the more I think of it the more I believe you ought to go into this thing for your son's sake."

"Somehow I don't like it, Gladys," said he. "I've never been connected with anything of the sort; I don't know this man Dunne; I can't tell what I may be getting into."

"I've thought of all that," said she. "But there are ways of managing it. In the first place your name doesn't have to appear. You can handle it all through me. And as far as Dunne is concerned, I've a feeling myself that we ought to be rid of him. From all the signs I think that will not be hard to do. He isn't known here; he hasn't had much luck with his promotion. Someone is going to buy him out shortly at a very low price and I think we ought to be the ones."

"Someone would know of my connection," said her

dupe. "A check through the bank would be enough to let the cat out."

"There need be no check, Fred," said the woman, patting the hand of her admirer.

"If I withdraw any large sum from the bank and Dunne disappears a little later inferences will be drawn."

"There are other ways, Fred," said she again. "Supposing we try this: You undoubtedly have stocks and bonds. You might turn enough of them over to me to make any purchase agreed on. I could take a loan on them here, putting them up as my own, or I could hypothecate them in another city. The purchased stock would be put into my name and I would turn it over to you with a bill of sale and receipt, which you need never show until you want to."

The capitalist was persuaded and negotiations were opened with Dunne. He set a high price on his stock and was obdurate. A series of negotiations followed. Finally by stages of raising bids from one side and declining offers from the other a price of twenty-eight thousand dollars was agreed upon for all the stock and rights in Dunne's hands. Mrs. Penny had accomplished this by the old and effective con trick of the in-and-in.

"Dunne wants twenty-eight thousand dollars, and I don't think he'll come any lower," she told her aged admirer one afternoon after he had come to talk sentiment and she had patiently turned him off onto business.

"I won't risk that much," said he.

"I don't want you to, either, Fred," she said, ruffling his scant hair. "But I think it's worth the

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money and I'm ready to back my judgment. I've put eight thousand into the thing now and I'll put in another ten thousand if you'll put in eighteen thousand. In that way we will be risking equal amounts. We will be equal partners in the thing and we'll have it to ourselves."

The old gentleman had learned to respect the business head of this woman. She was ready to put more of her own money into this venture. She was asking him to help her. She spoke of having the thing to "ourselves." She wanted to place "our boy." He leaped. He turned over twenty thousand dollars in Liberty Bonds, which Mrs. Penny immediately put up for a loan of eighteen thousand dollars. This was ten thousand dollars of her own, which she had meantime drafted from Boston, whence she was supposed to have come, was turned over to Dunne, who signed, sealed and delivered everything, entertained his successors at an elaborate dinner and departed the town.

The widow's attitude toward her admirer changed immediately. From one of reserve and dignity she let her pose descend to one of ardency and possession. She was guilty of numerous indiscretions that might have been put down to overaffection. She embarrassed the very circumspect capitalist repeatedly. His neighbors began to talk. Worse yet, Mrs. Penny had overreached herself in her investment. Her money was tied up in the new enterprise and she had to resort to her "dear Fred" for loans and advances. Finally she visited him in the middle of the night at his home and apparently she had been drinking. The old gentleman was shocked and frightened. He was still deliberating painfully when his young son came home

with too much stimulant in cargo, confessing that he had spent the afternoon with Mrs. Penny at her hotel and that she had been very tender and motherly.

The widower saw serious compromise and possible scandal leering at him. He speedily forced Mrs. Penny to sell out her interest for what she had paid, demanding also that she depart at once. She wept, sobbed and reviled him. He had courted and won her. He was inconstant. What had she done to him? Was he chasing her out of town because she had shown him an affection he had been careful to encourage?

Nevertheless, she sold and went. I doubt that the aged widower ever fully understood what had been done to him. He had been taken for thirty-six thousand dollars, which Dunne and the erstwhile Mrs. Penny gleefully divided at Atlantic City. I don't suppose, either, that the town appreciates owing its new packing house, into which the conservative investor had to put more than eighty thousand dollars, to the machinations of a con pair.

Perhaps I have explained that an inheritance is a thing of magical beauty to the con man. He enjoys certain advantages over ordinary mortals in this connection, for it does not greatly matter whether he or another receives a legacy—always provided that the heir is one capable of listening to reason. For men and women of this accommodating bent of mind the operator in nefarious subtleties is always alert. They exercise a strange and deep fascination over him; they allure him with golden Lorelei tresses; they tempt him to their destruction.

Jacob Albert, of Noburg, is competent to testify in this matter. A year ago he inherited more than a

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hundred thousand dollars in the shape of farms and farm mortgages from his father, who had been until late in life engaged in agrarian pursuits. Hearing of the good fortune of young Albert, who had spurned the farm and engaged in the drug business in Noburg, George Fawcett, a persuasive fellow who is known to the police by another name, hurried West, resolved to help the young man through the inevitable troubles which follow in the wake of inheritance.

Alas, the altruistic Fawcett was too late! Albert had already come into possession of his fortune, and his father's old lawyer, who realized that there was no specially high voltage in the machine under the heir's hat, had converted everything save the family home into Liberty Bonds.

Nearly two years earlier Fawcett had been through a Western zinc-mining district, where he had learned something about the mining and preparation of this valuable metal. He had discovered that there were several mines in this and neighboring districts which stood abandoned for reasons not apparent to the layman. Ore was plentiful and of high zinc content, but there were present so many refractory ores that the process of preparing the mined material for smelting proved too difficult, involved and costly. With an eye to future frauds, Fawcett bought such a mine. It had been worked not once but several times. The claim was a large one, ore was abundant and often ran thirty-five dollars of zinc to the ton, a very high figure. Machinery abandoned after the several attempts to operate the mine stood about everywhere, growing in rust and desolation. Rain and seepage had partly filled the old shaft with water. This latter

gave Fawcet some concern at the time, but it proved his salvation in the end.

From the first moment of his acquaintance with Albert the consiprator had passed himself off as a mining man. As acquaintance grew he permitted himself little boasts.

He showed checks which had come through the mails; he spent money freely. He smiled indulgently at the thought of Albert's small interest from his bonds.

"Bonds," said he, "are fine for widows and orphans. A man with brains wants a better run for his money."

It was perhaps not unnatural for Albert to agree with him. An income of five thousand dollars a year is small enough, everyone knows, and exasperatingly small to a young man with rather loose ideas who considers himself a wealthy heir. It was not difficult to persuade him to an interest in zinc. And Fawcet confided to his friend the story of his mine.

Here was a claim, he said, that had been abandoned years before, because subterranean streams had been struck. Periodic attempts to drain off the water had all resulted in failure, but a few months before Fawcet, who was a mining engineer, had made soundings in the mine and discovered that there was a second level of streams deep below those which had put the mine out of business. Such an idea had never occurred to the other men who had owned the mine. Fawcet had discovered the thing by means of deduction. He saw mines operating all about him whose shafts ran much deeper than his. These mines had little or no trouble with water. It had suddenly occurred to him

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that the normal drainage of the district lay along a deeper stratum. He had bought an option, made investigations, and lo, the thing was as he had supposed! He was now about to drain the mine. His fortune was made.

Albert's eyes glowed with pleasure and high hope. Was this lucky Fawcet going to let him in on this great opportunity? Fawcet, who hardly understood the verdancy of his victim, played the game cautiously and waited for a right moment to spring his proposition, with the result that he gave the poor young man needless pangs and nights awake. Finally he came to the point and Albert almost choked on the bait.

By the end of that week, in the late part of last spring, Albert had hired a temporary manager for his drug store and hurried West with Fawcet. He was left in St. Louis, while Fawcet went on to the mine alone, giving some plausible explanation. The schemer was met at his destination by a confederate whom he had summoned from Denver by wire. The very first act of the conspirators was to draw up and antedate a bill of sale for the mine, whose ownership Fawcet transferred to his confederate. This instrument was recorded. At the same time an antedated option was drawn in such a fashion that it had only a few days to run. The option was, to be sure, given by the confederate, whom I shall call Walker, to Fawcet. This done, Walker retired to a near-by town and waited.

The following day Albert arrived on the scene. Fawcet met him and cautioned him immediately to use discretion. The option on the mine had not long to run, and Walker, who owned the mine, was suspicious that Fawcet had made some sort of valuable

discovery. He was rich, influential and unprincipled. If Albert made the mistake of inquiring about indiscriminately Walker would certainly smell a rat and place obstacles in the way of investigations. The druggist said he was no fool.

A visit was paid to the mine, where everything was as Fawcett had represented it. The shaft was almost full of water. More than that, some rusty pumps lay about, reminders—Fawcett said—of old failures to cope with the flow.

“Now,” said Fawcett as he led his victim back to town, “everything depends on one thing. I’m certain that a boring to the lower water level will send all this wetness running off in an hour or two, but there’s nothing like being dead certain. We must make that boring, but we must make it so that Walker doesn’t get wise. If he does he’ll find some way to stop us and we’ll either have to let the option lapse or buy a pig in a poke. I don’t want to risk my money and I don’t want you to risk yours. We must be dead sure there will be no more water trouble.”

The next day Fawcett was mysteriously busy—getting ready to have the boring made secretly, he said. Late in the afternoon he took his dupe to the mine with an expert he had hired. This individual gave an estimate of the number of tons of ore likely to be found in the claim and the probable zinc values per ton. All this he did quite honestly, and his figures showed that the claim was, in fact, one of the richest in the immediate district. He had not been hired to give an opinion on the matter of refractory ores, and kept his own counsel. Albert was not quite green enough to accept the uncorroborated word of the ex-

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pert, and Fawcet referred him to any local authority of his own choosing. He selected a man, whom he was himself to pay. He and Fawcet went to see this individual and Fawcet—again urging the need of caution—asked the man an agreed question, as follows:

“If a way could be discovered to handle the ore in the Walker mine, what in your opinion would the property be worth?”

The mining man smiled an incredulous smile.

“Well, a lot of people have tried that and failed,” said he. “I don’t believe there is any way of solving the problem, but——”

Fawcet trembled for a moment. Was the man going to gabble and ruin the deal?

“But if anybody can find a way that claim is worth millions.”

Fawcet dragged the excited druggist out into the street and away, leaving the mining expert to wonder at the strangeness of some human beings.

In the dead of that night Albert, Fawcet, a drill foreman and five workmen slunk out of town, drove rapidly into the mining field, drew up at the abandoned shaft and went to work. A little before dawn the boring had been made. The workmen loaded their apparatus back into their car and drove off. While daylight crept over the place, revealing the twisted and shrunken arms of the old machinery like specters of all the dead failures of the past, Fawcet and Albert sat in the lee of the shaft house and watched the water go down foot by foot; watched it and grew jubilant—each in his own fashion.

“My boy,” said Fawcet, offering his dupe a

drink from a flask, "we're potential millionnaires this minute."

They went back to town and Fawcett telegraphed for Walker. He arrived late in the afternoon. Albert was introduced and found the mine owner cold, hard and forbidding.

An engagement was made for ten o'clock the next morning and Albert went back to his hotel with Fawcett.

The common weakness of the man who doesn't know and who feels his ignorance overcame Albert in the last night. Perhaps it is only a survival of primitive animal terror at the unknown. He sat on the edge of his bed taking off his shoes and said to Fawcett, who was smoking at the window: "I'm not sure yet, Fawcett."

"Not sure!"

"No. All I know about this is what you've told me. And two months ago I didn't know you. I think I'd like to do a little more investigating before I go into this."

"Suits me," said Fawcett. "Only you know the option expires at midnight to-morrow."

"Can't we get Walker to renew it for a few days?"

"You might ask him. If he isn't wise he'll renew it and be glad to sell to us at any time and any price. If he knows what we know to-night, or even suspects it, he won't take a million dollars for a one-day renewal."

Albert slept ill, took three bracers before breakfast, felt unsteady and went off to see Walker.

"Go alone and see what you can do," Fawcett ad-

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vised him. "I know he won't renew for me. He thinks I know too much."

The doubtful youth found the forbidding Walker, was taken up to the supposed magnate's room and began lamely to ask for a renewal.

"What!" Walker interrupted him brusquely with a loud laugh. "Renew your option? Listen, my young friend! Do you think you can sneak out in the middle of the night and drain my mine without my knowing it?"

Albert stared at him, baffled and confounded.

"I wouldn't sell you an extra hour's option for all the cash in the banks here," said Walker fiercely. "I wish I had the old one back."

He showed the stunned Albert the door without further words and the bewildered druggist half staggered back to Fawcet.

"He's wise," said Albert, dropping into a chair in the hotel lobby. "The game's up."

"You mean he knows?"

"He found out about last night."

Fawcet, turning pale, got up and walked nervously up and down the tiles. He bought a cigar at the counter, lighted it, considered, walked some more and stood before Albert with a wide grin on his face.

"Well, he found out just too late, didn't he?" said Fawcet. "We've got till mid-night to pay up—and our money's here."

Albert sprang up like a man suddenly contacted with a battery.

"Lord, I forgot that!" he cried.

Fawcet led him to the bank on a run. Each man withdrew twenty-five thousand dollars, which had been

placed there previously on Fawcet's advice and for just such an emergency. In two hours the deal had been made. Walker had the money and was off for the East. Fawcet and Albert owned the mine. And so far as Fawcet knows or cares, the credulous druggist owns it all to-day.

CHAPTER XVI.

THE DISCRETIONARY SWINDLE.

YOU who have followed my confidential adventures to this place will recall that there are three charms by which the human oblation is befuddled to the altar—the resources of the earth in mines, wells, lands and quarries, the resources of the brain in inventions and the resources of Wall Street in speculations.

It was as a speculative operator that I began my flagrancies and as a person of this stripe that I came to grief. Twenty-five years and more intervened between these stages of my journey. I shall not try to tell you the story of the trip. Instead I intend to review comprehensively the various Wall Street games, frauds and swindles I have perpetrated and seen perpetrated. I shall indulge in no generalities.

Those who have read my story will already be clear on the subject of stock washing, the commonest, broadest and costliest form of fraud practiced to-day on bourses and exchanges. This is the system of making pretended sales and purchases of stocks among a selected clique of brokers, no actual shares being transferred. The purpose of the operation is to raise shares in given companies to wholly fictitious values in order that actual trading and purchases by the public may result. The public, to be sure, invariably holds the

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bag. The instances of the employment of this fraud could be multiplied to the end of the chapter. What use? It is enough to repeat that this practice is resorted to in connection with a large number of the highly speculative oil, mining, inventions and general promotions stocks which come upon the market—and especially the curb market. This fact alone should be enough to keep the unsophisticated public away from all venturesome stock games.

Neither need I devote any extended attention to false tipping, rumor starting, midguided pyramiding, dumping and all the other common practices used to strip the foolhardy. These things are too familiar to everyone.

One obvious thing is worth emphasizing again—the importance of personality. The broker you deal with, his standing, his past record or that of his house, is generally more vital than all the fiduciary information you can cram into your head. Investigate the man and his reputation. The right man betokens the right investment or speculation. The finest security in the world is no eventual protection against the wrong man or house. There are countless swindlers dealing in or through government bonds, as I explained in earlier chapters. On the other hand, not a single really reputable broker would see a client lose money through the worst stock if he could help it.

Investigate carefully the name and record of your house. Only a few years ago it was the fashion to start wildcat concerns trading on great names. Tradesmen having them were hired and used as cloaks for questionable dealing. Do not be tricked by similarity in names.

It is often a little hard to understand why many men who operate the most flagrant swindles are not in prison. When all is said and done, there are two reasons for the escape of the supermen of con; and these two really resolve themselves into the same thing. In the first place these financial swindles are planned and executed so cleverly that conviction of crime is most difficult. Again, the laws now on the statute books are insufficient—which only means that the criminals have found ways of circumventing them. A new crop of statutes must be written into the corpus and both the Congress and the legislatures of several states are now at work on this problem.

Though the payment of protection money is by no means unknown, it can generally be assumed that the authorities are honest and active. The Federal law against the use of the mails to defraud is specially rigidly enforced. In one recent instance a bunko man talked his victim into parting with some money. He could not get the cash out of his dupe and eventually took a check on an Arkansas bank. This had naturally to pass through the mails for collection. On this fact alone the swindler was convicted and sentenced to serve two years.

A similar case concerning Harry Homer, who served a sentence in Atlanta, has a touch of genuine romance about it. Homer and a confederate were formerly card men and they were aboard the Titanic on her fateful maiden voyage operating a card racket. They were shaken out of their chairs when the great ship hit the iceberg and rushed for the decks like others. They heard the cry "Women first!" and acted with the swift resourcefulness of their kind. In the con-

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fusion they got into cabins deserted by their women occupants, quickly slipped on women's clothes and were put over the side into a boat, whence they were rescued—but only to go to jail.

Homer and several others were out in Toledo a few years later and managed to steer a victim against the ancient wire-tapping racket. The dupe hadn't enough money with him and wrote his brother for a remittance. The swindlers did not write the letter, but it was held that their machinations caused it to be written, and the court sent all the implicated rascals to Atlanta for six sedentary years.

Nevertheless, many swindles succeed and many swindlers never see the insides of jails. My own case is illuminating. I got away with it for twenty-five years previous to my trip to Atlanta. Modesty compels me to admit that others have done much better.

Here is an example of jail evasion by a very simple subtlety: Formerly every one who dealt in stocks and securities was a broker. To-day there are many dealers. The crooks among these men made the change for just one reason.

If a broker misuses money he has received from a client for a specified purpose it is a clear case of fraud and conversion, for the client is a principal and the broker only his agent or trustee. Where such fraud can be shown jail ensues like a Q. E. D.

But if a stock man is a dealer and charges no commission he immediately becomes a principal and the transaction assumes another aspect. For instance, in the sale of stocks on the installment plan if the dealer eventually fails to deliver the stock there is probably ground for civil action only. He commits a breach of

contract and can be sued. If he were acting as a broker and did the same thing he would be subject to immediate arrest. In other words, dealing is much less risky than brokerage. I advise you to remember this point.

Perhaps the oldest form of market swindle is the so-called discretionary game. This may be played with bonds, stocks, grain or blue sky. It consists of intrusting your money to an agent to be employed at his discretion, the only limitation being that he promises you a large profit. The notorious Five-hundred-and-twenty-per-cent Miller, who promised profits of ten per cent a week, was a discretionary operator.

Some men will tell you that discretionary games are no longer used and that this form of swindle has been driven out of existence. Most premature, I assure you.

A good many years ago Mr. Will Crosby, under colors not his own, opened a discretionary wheat business in Philadelphia. I forget at the moment just what my name was at that time. It does not matter. As soon as my office was fitted up I put the following advertisement in the newspapers:

I TRADE IN
WHEAT FUTURES EXCLUSIVELY

Why jeopardize your speculative account in haphazard trading when you can have someone handle your account who understands and can direct speculation successfully? Write me to-day.

The good people of all the surrounding country wrote me as I commanded asking for information,

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which I was most accommodatingly anxious to give. I sent them form letters and reports showing how much money I had made for others, letters on the wheat market that would convince the most doubting of all Thomases. I demonstrated, or seemed to demonstrate, my powers. It was simple enough to do. In those days the wheat market had a habit of reacting. If it fell heavily to-day it was almost certain to jump up at the opening to-morrow. And if there was a boom on to-day, to-morrow's opening was likely to be lower. A keen man watching carefully and couching his predictions in sufficiently general terms could readily make himself out a prophet.

I spent a thousand dollars a week in advertising and soon had above five thousand correspondents on my list. I took accounts as small as two hundred dollars and pretended to trade in wheat futures. What I really did was to put the money into the bank. At the end of the first month I generally sent each two-hundred-dollar client a check for about twenty dollars. I saw to it that he seemed to make nearly ten per cent the first month. If this encouraged him to send in more money and enlarge his account he received twelve or fifteen per cent the second month, and so on as long as he kept enlarging the ante. But woe unto the fellow who sat tight and would send no more. The second month his profits were cut in two and the third month he was wiped out and received an apologetic letter.

This game's heart lay in an elaborate card-index system, where every man was tabulated and rated. All letters sent him and all received were recorded, and the customer was watched carefully and rerated from

time to time. The three main ratings were prospect, good prospect and very good prospect. There was also the rating, dead one. Anyone so listed was doomed to be cleaned in the current month.

Strangely enough in this out-and-out swindle some few customers strung along and held out hopes of future large accounts in so rosy a way that I was myself duped and actually paid them real profits. They made money out of me—if you will believe it. But the ninety and nine paid me handsomely. This discretionary wheat business paid me a quarter of a million dollars while I was at it. I made the mistake of branching out into too many directions at once. In the midst of my wheat discretions I opened a bucket shop. I got caught in a bull market and was sent into bankruptcy. With me went my wheat game and the quarter million.

Some years later I revived this game in a slightly altered form, known as the professional-trader game. For the purposes of this fraud I enlisted the aid of a saloonkeeper out of a saloon. He was dressed up, given a high-sounding name and put into offices. Meanwhile I had a brokerage firm of my own and I joined another brokerage house in the game.

My ex-dealer in fluids, whom I shall call Jones, now began to advertise himself as a professional trader in stocks, setting up the claim that he had studied the market for many years and was able to tell where money was to be made. Money intrusted to him would earn large and quick profits. The people wrote for information and he sent them a statement showing the money he had won in the last month. This statement had been made up by me after the fact and was

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based on the market records. Jones added one touch of novelty at my suggestion. He did not want to handle the money. No indeed! You were to take your account to your own broker—anyone you liked. But you were to instruct your agent to take orders from Jones.

The dupes wrote in and wished to open small accounts, usually not larger than five hundred dollars. If a man said he wished to have Mr. Jones handle his business through an honest broker, Jones wrote back a letter saying that he was sorry, but he had no accounts with this broker and could not afford to handle one little five-hundred-dollar account separately. If the customer wished to make the account as large as five thousand Mr. Jones would be happy to handle it. Or come to think of it, the client might be satisfied with some other broker. Jones was handling numerous small accounts through my brokerage house and through the other conspirator's firm. Both these houses were of good repute, wrote the infatuated Jones. The client might investigate these two houses and if he cared to use them Jones would be glad to accommodate his small account.

The psychological effect of such a letter needs to be noted. Its tone is mild but contemptuous. Jones is not in the least anxious to be bothered with the poor little client. And the client instantly believes that Jones must be both honest and a big busy man. Thousands of people sent their money to our brokerage houses.

As soon as this was done Jones wrote to each client and asked him to come in. The victim appeared and was made to sign a contract with Jones empowering

him to handle the money. The sucker was then led to my office or that of the other broker and there made to write an order instructing us to accept the commands of Jones. He thus signed away all chance of legal redress and put us into the clear.

We now washed trades on the curb market to cover what deals we wished to represent as having been made. As in my discretionary wheat game, each speculator was sent a profit of eight or ten per cent for the first month. If he responded by enlarging his account he received a fatter slice the next month. If he stood pat he was shortly wiped out amid the laments and apologies of Jones, who wrote that no man was infallible. I suppose it is supererogatory to say that we dealt in no stocks, but put the money into our capacious and hungry pockets—one-half into mine, one-fourth into those of the other broker and one-fourth into the jeans of the debonair Jones.

The newspapers finally exposed us and we had to decamp with only two hundred and twenty thousand in takings among us.

Here you have the discretionary game in its simple and its complicated forms. To-day it probably is not played by either method, at least not in the East. But it has been succeeded by the tipster game, as follows:

A tipster goes to a broker of none too good repute and makes an arrangement whereby he is to guide his dupes to this broker in return for twenty-five per cent of the money made out of the account. This arrangement signed and sealed, the tipster begins to advertise himself as a professional trader. No pay is asked beyond ten per cent of the winnings.

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The dupe reads this advertisement and says to his alleged intelligence: "This sounds good. This man can't make anything unless I win. He must know what he's doing. Let us be up and speculating."

Whereupon the dupe goes to the tipster in person or by mail. The tipster directs the dupe to the broker, who takes the money. If the dupe is really verdant he intrusts the account to the tipster and it becomes again a straight discretionary racket. If the dupe is somewhat wise to the ways of the market he is let handle his own account, but the tipster directs his trades. In either case the dupe loses, take my word for that. He loses so inevitably that the broker does not wait developments before paying over the fourth part to the tipster. He pays it as soon as the account is opened. This form of the discretionary game is being played every day on every market in this fat and fatuous land.

A somewhat rarer and pleasanter form of the good old racket was played by yours confidentially and Freddy Capes some few years back. We called it the double deal. Capes opened an office on lower Broadway, New York, and I simultaneously opened mine across the street, or nearly so. We got hold of a list of active speculators in stocks, the list being procured in one of the methods I have already explained. Capes wrote every man on the list a bull letter and I simultaneously wrote each one a bear letter. One of us was bound to be right and it mattered not which. We kept at our game consistently. I was always doleful and sure the market would fall. Capes was an insurable optimist. He knew prices were going

up. If prices went up Capes immediately wrote to all his correspondents, crowing with lusty lungs.

"I told you so!" he shouted from the mimeographed page. "See what you would have made had you followed my advice!"

If the market went down it was I who wrote the I-told-you-so letters. In this way we soon established relationship with large numbers of persons, some having been made to have confidence in me and some in Capes. They began by writing us for information and ended by seeking our advice and guidance. We steered them to brokers with whom we had a pre-arrangement, which provided that we were to have twenty-five per cent of the account the moment it was opened and half when it was finally closed. Here again we either had actual charge of the accounts and were thus able to blow them up when it suited us, or we directed or misdirected the speculator. In the end the result was the same. In those days I went to work in a limousine.

At this moment a further refinement of the game is in common use. In the refining process some of the dishonesty has been eliminated. Two tipsters open separate offices and proceed exactly as Capes and I did. In fact, the fellows who are operating to-day learned this little trick from us. A business man out in Indiana writes in and wants to operate through one or the other of these tipping gentlemen. He is told that he must handle his own account through his own local broker. The tips are wired him daily in come so that his townspeople may not discover that he is playing the market. If the tips are wrong and he loses no one suffers but the speculator. If he wins he

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must pay from ten to twenty per cent to the tipster. Nothing criminal here, I suppose, but just a nice sure-thing game with the other fellow's money.

When, half a generation ago, the bucket shops were slowly and finally put under the ban the hundreds of men who had been operating these places looked about for other ways of handling narrow-margin speculations. Various expedients were resorted to, but in the end everything simmered down to the installment-stock business. To-day all the prominent bucketeers of other years are in this game. Some of the houses are decidedly prominent and they do a tremendous volume of business.

The theory of the installment-stock game is simple enough. If you wish to buy a share of stock you may acquire it by paying an initial installment of ten per cent based on its current value. The usual arrangement is that five per cent a month must then be paid, so that the stock is acquired outright in eighteen months. If the stock goes higher in the eighteen-month interim the investor is naturally the gainer. Otherwise he loses, for he must pay out at the value of the stock when originally bought. He is privileged to sell his share at profit or loss any time in the course of the eighteen months.

Undoubtedly some stock is bought, paid up and finally acquired by this system. But in my judgment a good many installment-stock transactions represent mere margining. The same old crowd that used to play the bucket shops now hangs its wraps before the blackboard in some of the installment-stock houses and bets furiously. The house, unless it is really on the level, does not actually buy or sell the traded shares.

Why should it? Shares are not deliverable under the contract for eighteen months and much may happen in that time. Here we have the good old bucket shop under another name with the margins a bit bigger—nothing more. The buyer simply bets that his stock will rise and the dealer lays him it will decline. Nine out of every ten trades find the speculator on the bull side.

Frankly I cannot see why this method should be objectionable if the house is honest and discharges all obligations. There is always, to be sure, the danger of an adverse market and a bankruptcy, but this danger is not absent from other forms of stock brokerage. The fly in the amber here is really an adventitious institution called the switch. A yarn to explain it:

Some years ago—ten to be exact—I decided to have a fling at the installment-stock business and I immediately opened offices in Broad Street, New York, those very offices I spoke of in the beginning of my articles. I had been out of the Street for some time following paths afar and amiss. Naturally I must have clients. Simple enough by way of the sucker list. But I had suffered some experiences with these fool rosters. I knew—as all brokers do—that ten letters are written to one that is read. A sheer and painful waste of postage. How then manage the thing more economically?

I bought, from a regular Wall Street dealer in stockholders' lists, the names and addresses of holders of shares in half a dozen standard companies such as United States Steel, Standard Oil, American Can, Anaconda, and so on. To each of these stockholders I now wrote an original letter, which began by extoll-

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ing the virtues of the particular stock held by the addressee and wound up by announcing my entrance into the financial field and my willingness to serve. Soon a second letter reached each stockholder. This again called attention to the many virtues of the stock in question, predicted future increase in value, spoke of possible stock dividends and generally dosed the security with copious flatteries. I wound up this letter by saying that I dealt in this stock, was a specialist in it and sold it outright or on the installment plan.

The calculated effects were felt in two directions. My addressees took unto themselves my flattering estimates of their investments. To compliment a man on his possessions, whether these be his wife, his children, his art objects or his securities, is to compliment the man—and is much more effective, being indirect. My prospects felt I must be a man of good judgment. Did I not agree with them? And again, most of the letters I sent out were read, for they dealt with a matter in which the addressees had already an interest. I was shortly in correspondence with hundreds and later with thousands of shareholders.

At my suggestion they bought further blocks of their own favorite stocks on the installment plan. Some even put up the shares they already held to cover the initial payments on larger blocks and I was soon doing a thriving business. I must explain that I acted in this matter as a dealer and charged no commission save that paid to brokers for buying the shares. How was I going to make money without committing larceny? you wonder. To be truthful, money could have been made and is made honestly in such establishments. In the first place the dealer

has the use of the buyer's money for nearly eighteen months, beginning with a small part and ending with almost the total amount involved. In the second place the dealer has the advantage of being able to buy the requisite stocks at any time in the course of a year and a half and he naturally acquires them when the market is lowest. He is dealing in only half a dozen or a dozen standard stocks and it takes no great astuteness to watch the market on such a list with care and practical intelligence. It is therefore possible to conduct an installment-stock business dealing in first-class securities bought for investment without any fraud or trickery. I regret to say it is too seldom done.

As soon as I was well launched in my Board Street business I looked about for an undeveloped mining venture and bought up such an affair for a song. I prepared elaborate literature on this proposition, listed the stock on the curb and slowly washed it up to a respectable price. All this was done quietly with small transactions, without bluster or advertising. But once I had my fraudulent stock at three or four dollars a share I began the preconceived attack on my stockholders.

The thing was begun slowly and cautiously. I merely called their attention to my mining stock without asking them to buy. When I wrote them about their standard stocks or sent receipts for money received I slipped insinuating circulars into the envelopes. I showed my investors ever-higher markets for the mining stock. Over a period of a whole year I prepared them. Then as their installments on the standard stocks began to approach maturity I launched into each customer with fervid advisings.

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I had been sending my customer the literature on this mining stock for nearly a year merely to call his attention to it. I had never advised him to buy, for he was a conservative man, and I made no practice of suggesting speculative ventures. However, the mine was now in such a state that I felt I would be remiss in my duty if I did not call the customer's attention to the tremendous possibilities and advise him to get in on the ground floor. Perhaps if he was short of other capital he would like to convert his standard stocks into these shares. I was convinced such a change would pay surprisingly.

I need not go into the full details of the campaign. By repeated urgings and advisings more than eighty per cent of my customers were persuaded to surrender their good stocks for bad and they naturally came utterly to grief. Those who refused to exchange received their securities in due time and continued as my customers. They bought further stocks and I tried to persuade them into a substitute swindle. This is the switch. If some customers are immune it is because they have demonstrated their good sense. Others are not in this happy family.

The eminent Dr. John Grant Lyman, of whom previous mention, rung a desperate change on this game. He advertised as an installment dealer, got many buyers of good stocks interested, received heavy remittances through the mails and then simply decamped. They caught him on the Florida coast, whence he was about to put out for Honduras in a small ship.

CHAPTER XVII.

THE GAME OF GAMES.

IT is generally safe to assume that bonds are safer instruments than stocks, but not always. A year or two after I opened my installment-stock business I was approached in New York by a pair of conspirators who had a supply of police-graft money on hand and wanted to go into the bond business on the installment plan. I entered this venture, which we launched on a small scale with less than thirty thousand dollars capital.

We watched the advertisements for small municipal-bond issues and underwrote them. Our first buy was a one-hundred-thousand-dollar block of sewer bonds in a small town. We paid just under par for them, put up the required deposit of nearly twenty thousand dollars, took the bonds to New York and immediately hypothecated them in our bank at better than eighty-five. With this money we paid the city, having a little cash to spare.

We now went to this little city and advertised the bonds for sale locally on the installment plan, ten per cent down and five per cent a month. It was no trouble at all to sell them on these terms, so we almost immediately had ten thousand dollars of our investment back. At the end of the first month we had fifteen per cent in hand and our original thirty thousand dollars was practically intact.

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Without delay we bought up another block of municipals in a similar amount and went through the same operation. In thirty days our capital was again intact and we ventured in a third issue. Thus at the end of a year we were spread out over a dozen issues, with nearly a million and a half of bonds in hand and only thirty thousand dollars involved on our side. We were simply using the money of our bond buyers as it came in to us. As soon as the first set of payments matured—eighteen months after our first venture—we would naturally have to take up the loan at the bank and deliver the bonds, but this occasioned no worry. We would have the installments from eighteen issues coming in by that time and would be abundantly able to handle the situation. Meantime we were making a little money, for we sold the bonds at a reasonable advance over our purchase price and we collected the difference between call-money interest and that borne by the bonds, often as great as three per cent. On two millions in bonds this difference in income would amount to sixty thousand dollars a year. Plainly as long as call money remained cheap we were making profits. This was, I regret to say, not our plan.

The fraud was to be applied at the right moment. By investing and reinvesting on the lines already explained and by returning all profits to the business we expected to enlarge our operations till they covered a matter of fifty or a hundred millions in bonds. This accomplished we planned to sell out the business, or appear to sell it out, and leave the country with the profits of a last huge deal. Our successors, who would have been hardy characters hired for the job,

would have held on for a time and then transferred the business to still another set of yet hardier breed, secretly paid to take a chance on going to prison. Under this third management and far enough removed from ourselves, we believed, the crash was to come.

Fortunately for the public the murder of Herman Rosenthal and the Becker scandal and trial supervened. The Becker case chased our backers to cover. They demanded their money and we had to close up shop before we were well started. The bonds were all in the banks and the public lost little if anything. But what a crash there would have been had we been able to continue for, say, two years. Here is the only failure of my life that I have belated reasons to be happy about.

And now, my friends and foes, all you who have been amused or enlightened or horrified at my confessions, I ask your patience for just one tale more. I think it the completest adventure of all my flagrant days and ways, the most involved and romantic of all my gaming.

Not so perfect a piece of technic perhaps as my game of the banker and the talking typewriter, which I recounted in an earlier chapter, but after all a conception of a larger stamp. Perhaps I am wrong. You must judge.

In the old days half a dozen years ago there stood a saloon at the corner of Broad and Beaver Streets, New York, remarkable for nothing save one of its familiars. He was a man of forty or worse, a tall, gaunt, skin-and-bones fellow, with streaked light hair and a vasty blond mustache. He was a bit stooped and just a shade careless as to dress. Whether he had

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an office other than this barroom I don't know. If he had I never heard of it and feel certain he was never there unless he had a double. Day in and out he was at this bar chinning with the bartenders and waiters, exchanging gossip with the proprietor and holding endless confabulations over the tops of the wooden tables warped into the corners of the saloon.

His business was a peculiar one and obscure. He dealt in worthless assets as the bases for fraudulent companies. His goods were in the shape of claims and organizations to be used for flagitious stock flotations. He was never without a fine assortment. Did you need an oil property with the company already organized and incorporated in legal form? The gaunt blond in the Broad and Beaver Street saloon was your medicine. Or was it a gold mine you required, a nice new mine with never a spade wound in its virgin heart? The meager blond had it all beautifully incorporated under the laws of the sovereign state of Arizona. But mayhap you required a wonderful invention with its corporate being already extant? No difference; the pallid one had it ready prepared. The price was generally twenty-five hundred dollars cash down and no deferments of any sort. Specially fine bases for fraud brought five thousand dollars and the very purest gems as high as ten thousand dollars.

Just where this gentleman picked up all these properties and ideas I know not. Neither do I want to find out now. I suspect, however, that some of these dubious values passed through his hands more than once. I remember, for instance, a mining claim in Idaho which glowed under my eyes four times in the course of a dozen years, each time under a new name

and as nucleus for a new stock jobbery. No matter.

About six years ago a most brilliant scheme went swarming through my brain. I worked it out in detail in the course of a few lonely evenings and discovered that I needed a nice unbroken mine far off in some happy valley, untenanted by mendacious men. I went to my elongated blond, bought him a drink, mused with him over a table for the patient hours of a summer afternoon and relieved him of a jolly little silver mine down in the lair of Señor Don Pancho Villa. Somewhere beyond Guadalajara it was. You mustn't expect me to remember inessential details at this late date. I never saw the mine and, as in the case of the purple cow, I never hope to see it.

Having possessed me of this pearl among mining properties I went to work. First of all a partner and next a dupe. Old Doc Leroy was about in those days—a venerable, sanctimonious, gabby old fellow to the eye and ear, but at heart one of the most engaging scall-wags of the times. He's dead now, I believe, and it doesn't matter. Leroy was never his real name anyhow. I found the old Doc in his usual haunts in the roaring Forties and bade him stick round and be on hand. Times were lean with him and he all but wept into his beer.

I now simultaneously opened two accounts with large reputable stock-exchange houses of the highest integrity. I took good care to see that each of these houses stood at the very top. To do business with such concerns required about five thousand dollars each, which I cheerfully deposited. I now began operations, buying small lots of standard stocks through one house and selling them through the other.

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By watching carefully and playing shrewdly any sensible man ought to be able to make his commissions in this sort of game, and I did. My purpose was not to make money, but merely to establish myself with these houses, to build up their confidence in me and to assume a respectable conservative veneer in their view.

This took six or eight months naturally. I had a business going in New York and did not grudge the time. When I finally felt that I was an established customer I went to my stock-exchange men and asked whether they could buy me any Arroyo Silver stock.

"Arroyo Silver?" said the broker in surprise. "Never heard of it."

"It's a little company down in Mexico," said I "I have a little information and want to pick up some of the stock."

"Now, Mr. Brown," said the broker indulgently, "you're too intelligent and conservative a man to be bothering with mining stocks."

"Maybe I am," said I, "but I know what I'm doing here. I expect to make a lot of money out of the Arroyo mine. See if you can pick up some stock for me. I authorize you to buy up to two thousand shares at two dollars and a half or under."

The broker shrugged and consented. The result was that letters were at once sent out asking for Arroyo Silver. There was of course none to be had just then and the correspondents of my brokers were all told to be on the lookout for a block. This done, the foundation work was accomplished. The stage had been set, in other words. It was time to bring on the actors.

This in a big con game is often easier to plan than to do. I had at the moment not a single prospect in list or in mind suitable for the size and kind of machination I was about. However, all things come to him who knows how to go and seek them. I recalled one of the strangest and most wondrous fellows in modern confidence gaming. Old Man Robinson, the train rider.

For thirty-five years this man had been riding the trains up and down and back and forth across the country. For all those years he might have been found in the Pullman cars of the best trains going down to Palm Beach or out to California in the winter, scudding back and forth between New York and Chicago at other times, riding all the routes at various seasons according to the trend of opulent travel. Generally he had his own compartment or stateroom and he invariably passed himself off as Robinson, the old circus magnate, who had been dead for many years when my hero's adventures were at the full. This old *vaurien* was past sixty when I knew him—a bald, sharp-eyed, florid-faced, distinguished-looking fellow, deeply read, well informed, easy mannered and a brilliant and charming talker. When he began his endless discussions and pointed yarns everyone in earshot attended and none ever left till he had done.

The sod has healed above him now. That charming smile is ashen, that golden tongue dust and Old Man Robinson will go no more a-gaming. But six years ago he was still among us and I sent for him. He was to do for me what he had been doing many years, the thing for which he rode the trains year in and

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season out. He was to introduce me and my beautiful silver mine to one of the lucred dunces he had met and cultivated as he rode his trains, and for this service he was to have a tenth of the spoils.

Old Man Robinson came, saw and consented. That night he and Doc Leroy and I set out for Chicago, where Robinson had the ideal of our evil dreams safely stowed away in the Union Stock Yards with bags and bags of swinish money. Behold the approach!

Our train was pulling out of Buffalo after midnight for the swift night run westward. Only Robinson, Doc and I remained in the smoking compartment.

"This fellow I'm taking you out to see is no dunce, Billy," said Robinson, gazing out into the absolute night. "But I think he'll fall just the same. You know why? He told me the story the first time I ever met him, on a coastwise boat out in the Pacific. Seems when he and his brother were young men they both had a chance to go in on telephone stock or something of the sort. The brother went in for it, but this old codger pulled back. You know the rest. The brother got rich and retired at forty or so, though this old fellow is still at it at seventy. Not that he's not rich. Lord, he's got ten piles! But he never forgave Fate for switching him off that stock. He's had a weakness for your game ever since. If you can make him think he'll clean up big enough to have the laugh on that brother of his he's your meat. Funny about human nature."

And he was off into a set of his wonderful yarns.

Mr. Peter Chapman, very wealthy sheep and hog man, was glad to hear from Mr. Robinson again and immediately invited him to his office. Robinson took

me along for the introduction and I was presented to a tall, alert, well-preserved fellow past seventy with a weather-hardened face, a bristling white mustache and a very cold blue eye. If ever there was a difficult customer here he was. But he had money *ad lib* and could be worked for a big haul—if at all. His game was worth our best candle and I knew it.

Robinson launched straight into the business in hand. I was Mr. Crosby and an old friend of his. Had helped him make a bit of money in my day. Trouble with me was I never held onto much myself. I'd come to Robinson with a deal that looked good, but Robinson was tied up to the limit with a big circus merger and couldn't spare a cent.

"I know you like a good thing when it comes along, Pete," said he, "so I brought this young scoundrel out to you. Mind now, I say he's all right, but that's all I've got to do with it. Listen to him and if you like his proposition get aboard."

With that the genial old train rider went out of the door and out of my life—except for some financial adjustments between us, which were made somewhat later and by mail.

"Mr. Chapman," said I when the door was closed, "I've got some valuable information. If I trust it to anyone who uses it my game is ruined, so I must ask a promise from you—your word is all I require. Robinson tells me you keep that."

Peter Chapman chuckled to himself and spat a huge jawful of tobacco juice into a large but distant cuspidor.

"Young man," said he, "with me you don't have to get no promises. I keep 'em without makin' 'em."

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"If I give you this information and you decide not to come in on the proposition you forget what I've told you. Is that right?"

"Shoot!" said he, and did as he said—at the cuspidor.

I explained the Arroyo Silver situation. It was a stock that had been sold quietly some years before. The mine had never been worked owing to the death of the promoter. Lately silver had been found adjacent and was certainly present in the claim. How I came to know this I could not discuss.

The silver had nothing to do with us anyhow. The point was that a New York syndicate was secretly in the market for the stock, having confidential information about the silver. How I happened to be in on this I did not wish to reveal, but I could prove my assertion.

"And here's where we got on, Mr. Chapman," I said sententiously. "Those people don't know where most of the stock is and I do. Get me?"

Peter Chapman spat, nodded and looked out of the window in a bored sort of way. I waited for a long time in exasperation for some question. None came. I had to pick up my own thread.

"Now what I need is money to buy up this stock. I can sell it at a big profit over night—within an hour. That's why I come to you."

"Why don't you option it and play whole hog?" he demanded, seeing the weak point of my story in an instant.

"Tried it," said I. "The holders won't do business that way."

"That's funny," he doubted.

"Well," I asked him, "if you had a block of the stock and some stranger came along suddenly and wanted to buy an option, what would you think?"

He saw the point and we settled down to an examination of my proposition. I have been through some pretty close questioning, but none ever to compare with this. At the end of three hours the canny old man was still dubious, but I returned ever to one proposition.

"Ask your own broker to find out quietly if there is a demand in New York. If he says no, I'm done. If he says yes, I've got a thousand shares of the stock and I'll let you sell it for me. That will establish the price."

"That's fair," he said finally. "What's your proposition?"

"It'll take close to a hundred thousand to swing this whole deal," I told him. "We will make at least a hundred and fifty thousand out of it. I want a third for my information and work. You'll be doubling your money on a sure thing."

Peter Chapman eyed me and gave me a thin cold smile.

"We'll think about splittin' after I go in," said he.

I tried to insist on an agreement as to the split. He smiled at me again in the same icy way.

"Yer in no position ta argue," said he. "You need money."

"Well, Robinson says you're a man of honor," I grudged at last. "I'll take his word for it." And we went to work.

Next morning I turned over to Peter Chapman one thousand shares of Arroyo Silver stock, par value one

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dollar a share. He took it to his broker, one of whom I had never heard, and directed that it be offered for sale in New York at two dollars and fifteen cents a share. The Chicago broker wired his New York correspondent for an offer. Chapman's New York representative naturally turned to his memoranda, saw that my brokers had inquired for some of this very stock a few weeks before, and immediately communicated. My representatives met the asked price of two dollars and fifteen cents and the word was flashed back to Chicago before the end of the day. So I bought a thousand shares of my own stock for two thousand one hundred and fifty dollars. Chapman received the money, noted the price and turned the proceeds over to me.

"Good!" said he. "Now what can we buy it for?"

"Under a dollar," said I, "unless the stockholders have got word of the new conditions."

I now explained carefully to Peter Chapman that there were five holders of Arroyo stock in Chicago. One had only five hundred shares, three had reasonably large blocks and one man had a great chunk—about fifty thousand shares. I suggested that we try the smallest holder first of all, and we did. For this purpose I had previously planted a young woman in a rooming-house section near Chicago Avenue. We went to see her and asked if she had any of the stock. She seemed doubtful. Her father had left her some stocks, but she had discovered that they were worthless. Perhaps some Arroyo stock was among the lot. She would have to look. From the bottom of her trunk she hauled but a dusty old envelope and in it was a creased and smeared certificate for Arroyo stock.

I immediately offered her a dollar a share for it, and I could feel the bitter disapproval in old Chapman's demeanor. When he saw the apparent abjectness and ignorance of this girl he had expected to get the stock for fifteen or twenty dollars. For that very reason I had spoken first.

The young woman considered.

I guess that's what father must have paid for it, isn't it?" she ventured.

"Probably," said I, "and you're lucky to get as much back."

"I don't know about that," she doubted. "I think there ought to be some profit in holding it all these years—that is, if it's worth anything at all."

She was stubborn in a woman's way, but finally sold to us at a dollar-twenty.

"Ya young fool," said Peter Chapman as we went down the stairs. "If yadda offered her ten dollars she'd 'a' sold at fifteen."

I pretended to feel all kinds of a fool.

"Well," said I, "from now on I'll let you do all the dealing."

"That'd be a lot better," said Chapman.

So the responsibility was shifted upon this crafty old man.

These five hundred shares were offered in New York in the same manner and promptly brought two dollars and a half a share, the price I had advised Chapman to ask.

The profits of this deal Chapman put into his safe and I was delighted to see him sit down with a pencil and figure out his ratio of return. He had made six hundred and fifty dollars on this small deal.

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"See here," said he, "I thought you said we'd make a hundred an' fifty per cent."

"We will," said I. "When we get hold of the whole thing we'll make that gang in New York pay whatever we like—five or six dollars a share."

Please observe, my friends, that here was a build-up embracing a double pay-off or convincer. First I had sold stock through Chapman and he had seen me take a profit. Now he had put actual profits into his own pockets. He was ready for the test.

While I had been handling Chapman my partner, Doc Leroy, had laid the rest of the plans. He had employed three temporary conspirators, whom he had picked up from his large acquaintance in the Chicago underworld. Two were women past fifty; the other a hard but innocent-looking young crook. One of the women was provided with a certificate for eleven thousand shares of stock, which paper was carefully spotted with acid and made to look timeworn. The other woman held similar certificates for eighty-five hundred shares in three lots. The young crook had three certificates also, each for five thousand shares. Finally Doc Leroy himself played the leading rôle. He took lodgings in an Oak Park boarding house, where he passed himself off as a retired physician, a part as natural to him as the rôle of business man to me. So the actors were all prepared. We waited only for the entrance of the hero.

Peter Chapman had been properly appraised by Old Man Robinson. He had one great weakness; one deep fault. The moment he had his hands on money made without effort out of a stock transaction his cold old head began to burn and leap with wild dreams of

huge unearned rewards. I sat up half a night with him while he went over and over fanciful figures and calculations mounting higher every time he went over them. Greed was fairly eating the old man's senses out. For just a moment I wondered whether the thing might not upset the old fellow's reason and defeat us at the very climax.

Next morning I met him at six o'clock. Heaven only knows what he wanted with me at that hour! He was simply insatiable. We were in his bank before the clerks had wiped the sleep out of their eyes. Chapman drew an even hundred thousand dollars from two accounts and we set out in a rented motor car to call first on the old doctor in Oak Park.

Doctor Talmadge—otherwise Leroy—greeted us in the little parlor of his boarding house, a very decrepit, soft-minded, garrulous old fellow. We inquired whether he still held some Arroyo stock which he had got years before. The old physician smiled childishly, rubbed his thin hands and began an ekdless narration. Ten years before he had attended a mining man who had a serious ailment and the patient not having any money had given him this stock. Wasn't it wonderful? He had tried to sell it everywhere, but no one would give a penny for it. He had put it away into an old tin box with his birth certificate and his marriage papers and some old love letters and had forgotten about it years ago. Wasn't it strange? Now it was suddenly valuable and was going to make his last years comfortable. He gushed away like all the old fools he was not. I, who understood, admired his acting, but I could see Peter Chapman's contempt for a man younger than himself and

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yet a doddering old weakling. Chapman could hardly hear the old doctor out.

"Well, what'll you take for all you've got?" he interrupted brusquely.

"I really don't know," the man hesitated in his thin old voice. "Guess I better run upstairs and get the papers. I really don't know what I should ask."

He walked to the door and paused on the threshold, the rascally old actor!

"There was a young man here yesterday offered me a dollar thirty-five for it," he trebled, disappearing into the hall.

"What's that?" spat Peter Chapman, sitting upright with a jerk.

"Somebody's ahead of us," I gasped. "Good Lord! Are we too late?"

A string of oaths escaped the venerable livestock man.

"We've got to get this old fool's stock right now and here at any price," I whispered as we heard the physician coming back down the stairs.

"Watch me!" said Chapman grimly, and I knew he had fallen for the hurrah.

In ten minutes we were outside in the automobile with Doctor Talmadge's fifty thousand shares in our hands and Chapman's seventy-five thousand dollars in the safe keeping of Doc Leroy, who was already taking off his slight make-up and getting ready to assume a second and more genuine rôle.

I urged the driver to top speed with oaths and promises. We rushed back to Chapman's bank, where he drew more money, and immediately charged off to find the other holders of Arroyo stock. We feverishly

paid out our money and hurried away with the stock, thirty-four thousand five hundred shares more in the beautiful Arroyo.

Curiously enough as we drove off from each successive house I thought I saw Doc Leroy in the act of entering. Was it possible that he distrusted his new-made confederates and felt it wise to be exceeding prompt in his collections.

At three o'clock that afternoon I drove a weary but triumphant Peter Chapman back to his office in the stockyards and saw him tuck his stock tenderly away in his great iron safe.

"Well, that cost us a pretty penny," said he.

"How much?"

"A hundred and twenty-six thousand five hundred."

"I didn't think it would take quite that much," I ventured apologetically.

"Never mind," said he sharply. "How much'll we get for it?"

"Five dollars a share—no less."

"What makes you think so?"

"That man that was ahead of us yesterday undoubtedly was trying to buy the stock for the New York crowd. He had no idea we were on his heels and thought he could take his time. Pretty rough on them, eh?" And I took occasion to laugh.

"You think they need our stock that bad?"

"They must have it or we own the mine," said I. Old Peter Chapman mused on this.

"We might keep the mine, at that," he said after a while.

"Not for me," I objected.

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"And why not?"

"Mines are risky—stock selling is sure."

"Maybe you're right," he admitted. "Well, then, how're we gonna get five dollars a share?"

"Send me to New York," said I, "with authority to dicker and I'll get the best price I can. Personally my advice is to get five a share or hold on for a while, but you can do as you like."

"When can you start? To-night?" said the impatient old man of greed.

"If you say so."

"Get ready," said he.

And he sat down again with his pencil and began to calculate the profit on eighty-four thousand five hundred shares of stock bought at an average of a dollar and a half and sold at five.

"Good-by," I said when I had got myself together.

The old man looked up at me from his calculations and hemmed.

"By the way," he said with that hard cold twinkle of his, "twenty per cent of this profit will be nearly sixty thousand dollars. That's enough fer ya. Anyway, it's all I'll give ya."

"We'll argue about that when we sell," said I truculently.

"No argument to it; I got the stock," said he.

I went down his hall smiling. Perhaps he was right, and again —

Two weeks later I telegraphed him from New York offering three dollars a share for the stock at the best price obtainable from the fictitious New York syndicate.

"Refuse three dollars," he wired back. "Will hold on for five."

That, my friend, is all. If the man I call Peter Chapman is still alive he is also holding on for five. As for me, I let go immediately. I mean that Leroy and I sent Old Man Robinson his ten per cent, divided a hundred thousand net between us and called it a season's work.

I wish to point out that in this game figured all the elements of the perfect piece of con. The foundation work, build-up, and in-and-in were the most elaborate I ever used. The hurrah came about in the subtlest and surest possible way. And better yet, no mails were used and no provable crime committed. Peter Chapman cut his own bridges when he refused the offer of three dollars a share. He tried to make some trouble afterward, but I went on an extended journey and a year elapsed before he found me. He was a little weary by that time, pretty certain of what had been done to him and just as certain that he had no recourse.

The two reputable Wall Street houses which innocently lent themselves to the game never knew what happened to the fabulous Arroyo Silver, I am sure.

CHAPTER XVIII.

RADIO AND CHAIN STORES.

ONE of the most remarkable properties of the confidence game is its adaptability. For this reason the idea that a man may learn the nature of such con mechanisms as happen to be used in 1920, let us say, and thereafter be proof against the wiles of the sharper belongs among the vanities. Every development of civilization, every social change, every notable invention brings to life a fresh manner of parting the sucker and his money. It may be and usually is only a disguised evolution of an older swindle, but it is new to the victim and therefore effective. The last year or two have, accordingly, yielded green fruit of this poisonous tree.

The reader has only to ask himself what has been the most spectacular invention of the period to discover the locale of one of the current swindles. Within eighteen months the radio has come into swift and widespread use, many thousands of instruments have been sold, a group of broadcasting stations has been established, the metropolitan newspapers have been forced, by the wide spread of the craze, to devote whole pages and even special sections to the news of the radio—with the result that con men have been quick to grasp the apparent opportunity.

As soon as the proportions of the radio enthusiasm

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were discernible there came into the field a large number—several hundred, at least—of radio companies. Their names and capitalizations were various, but they seemed to be strangely uniform in two details. The number of shares for which they were incorporated was always very large and the word “radio” was uniformly used in the names of the new companies. To an eye like mine these details are of themselves a sufficient ground for suspicion. The public, less carefully on guard in such matters, has already paid largely for such wisdom as this, for a very large number of these new wireless firms were plain stock jobbing schemes, organized to get the money out of the public pocket. If my readers will heed my words they will be able to save a good deal of money when other inventions take the country by storm as radio did and still is doing.

There has never been, in the history of this country, an invention of the type that struck the public imagination and aroused the enthusiasm of the people, whose early history was not complex with frauds and swindles. The people who put their savings into every new and promising device forget this sorry fact. We see the great telephone companies of to-day and their huge earnings. Looking at them, we forget that the telephone struggled for a long time before it got to be a success. Our mind loses trace of all the hundreds of small companies that were formed, struggled along for a time and went bankrupt, so that even the bondholders were left high and dry, not to speak of the verdant holders of stock. We fail to remember the many fake companies that were organized and the absolute swindles that were perpetrated before

the telephone got out of the woods and bogs and came to be a money making utility.

In the same way we look at the successful automobile makers and try to compute the wealth that a few of them have piled up. We see the millions of cars chugging about the country. We know that when we go to buy a vehicle of any of the popular makes we must wait months for delivery, so great is the demand. With rather weak logic we conclude that the automobile business is one in which to invest our savings. But the suckers among us do not go to the exchanges and buy the high-priced stocks of the successful and established companies. No indeed. We don't want slow and sure small incomes. What we gulls are looking for is an outside chance to get as rich as Henry Ford by investing a few hundred dollars. The result of such idiocy is always and invariably the same. We lose our hundreds, and it serves us right. If we only stopped to remember the hundreds of failures among automobile makers, the hundreds of fraudulent companies which arose and still arise in the country and the scores of fakers who have been sent to prison after they had robbed the people of millions, we would know that to invest savings in wild patent schemes is like throwing it out of the window.

When it comes to the radio the state of affairs is even more flagrant, for it has been only a dozen years since the great and sensational wireless telegraph swindles were perpetrated and some of the chief conspirators went to the federal prisons. It seems almost incredible to me that the people of the country can have so soon forgotten these recent and tremendous mulctings. It seems to me that no fewer than a hun-

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dred thousand victims were trimmed by the wireless promoters between 1905 and 1912. There must have been losers in every town and hamlet in the country. The stories of their losses, the exposures of the swindlers and the reports of their trials filled leagues of space in the newspapers all over the country. Yet by 1921 or 1922 this great and fatheaded nation is ready to be trimmed all over again and with a mere adaptation of the same invention.

The general mode of procedure adopted by confidence men for putting worthless radio stock into the possession of the people and taking good money out may be read from the tactics of a New York concern against which a fraud bulletin has been issued. Let's call the promoter Jones, since his name is something else.

Jones took advantage, first of all, of a trade name, an old and common trick, against which more stringent legislation ought to be enacted. The Radio Corporation of America is of course, the established company which owns or leases the important patents and investors' rights and whose stock is quoted on the exchange. In order to dupe the unwary, Jones adopted a variant of the name of this corporation, sufficiently different to get around the law but also similar enough to fool any innocent. He then incorporated for three or four million dollars in a state with liberal laws for stock companies, opened offices in a prominent building in New York and began sending out a flood of the usual literature.

The essence of this comeon stuff needs to be glanced at once more at this point, for every man who ever bought a share of highly speculative stock and every

man who has not yet been caught on this hook should memorize the matter.

Jones' literature started out by saying that America was the land of triumphant inventions, that vast fortunes had been made by those who "got in on the ground floor," while others were still dubious and over-careful, and that here was another opportunity for those who had courage and faith.

Then came the usual array of fanciful figures, about as follows:

"If you had bought one share of the original Bell Telephone stock at \$100 per share, you would now be worth \$500,000. The lawyer who drew the charter of the company refused to take \$3,000 in stock as his fee and in doing so turned down \$150,000,000.

"If you had bought one share of the Ford motor stock at \$100 and hung on to it, you'd be worth \$400,000.

"If you'd bought one share of Westinghouse air brake stock and held it till now you'd be worth \$250,000.

"If you'd bought one share of Burroughs adding machine stock you'd be worth \$100,000 to-day."

The list ordinarily used contains the names of several other inventions which have made large profits for the inventors or others, such as the phonograph, the sewing machine, the telegraph, the Wright or Curtiss airplane, even the porcelain bath tub.

It is necessary to warn the reader at this point that these figures are absolutely fictitious and without authority from the companies mentioned. They were compiled by a common swindler of whose character and work the present writer has intimate knowledge.

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The man merely sat down, about twenty years ago, with a pencil and a pad of paper and made up this set of names and figures from his imagination. He used them in a prospectus for booming the stock of a soap wrapping invention. Since his time every promoter of a fake inventions company has dug out this staggering piece of fiction, changed the amounts to suit himself and sent out a new bit of comeon literature with this fraudulent statistical table as its principal bait.

Now, it is unquestioned that the holders of the Ford stock made great fortunes, but I don't recall any time when a single share of it was on the market for public purchase, so it is idle to talk about having bought a hundred-dollar bit of it.

In the cases of the other inventions commonly included in this list the claims of the swindlers are just as false and misleading. Most of the companies passed through bankruptcies, reorganizations, recapitalizations and other organic changes, so that the original shareholders and their interests must have been wiped out long ago and probably before anything but losses appeared on the books of the corporations named. This is, in fact, the summed up history of practically every invention and its original backers, especially where the attempt is made to swing the device into use by means of public stock subscriptions.

To return to Jones and his radio company, however. As soon as this charming piece of comeon literature had been well distributed, other samples of persuasively written argument followed. One of them is remarkable for the way in which it apes the inspirational literature now universally popular among the

salesman and booster class, and out of which the platitude writers have themselves made large and dubiously earned fortunes.

This particular piece of mental intoxicant and optimism drug started out by declaring that "fear is the greatest enemy of the human race." Timidity was what held men down, it chortled. Faint heart never won fair fortune. Those who hesitate are lost. The world's captains are its riskers and adventurers; its slaves are the timid and reluctant ones. Nothing risked, nothing gained. The lightning of good luck strikes those who are out in the storm with their rods of opportunity up.

These exhortations were followed by a still more subtle argument, worded something like the following:

"The world is full of disappointed people who might have been rich and happy. Every old man in America to-day who is stricken by poverty and neglect in his old age can look back on the time when he passed up the opportunity to get rich because he was held down by fear and false caution. Opportunity knocks but once at every door. How will you feel when you are old if you must sit down in want and think bitterly of the time you refused to invest the few hundred dollars that would have made you independent? Provide for your old age now. Don't let timidity hold you down. A few hundreds will do you no good unless you can invest them where they will earn you a competence. Buy till it hurts! This is *your* opportunity of a lifetime."

The pathos of such an attack upon the susceptible average citizen is that it rings true to the pitch of our ordinary teaching. For reasons which seem utterly

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mad to me, the American people insist on being fed full of a vapid and absurd kind of optimism. We are the inveterate and infatuate Pollyannas among peoples. In spite of the fact that nine of every ten men are utter and pathetic failures and ninety-nine out of every hundred comparative failures, and in defiance of the daily evidence of these sorry things before every man's eyes, we go about with our rose-colored glasses, in pitiful emulation of Nero and the emerald, through which he saw a green world. We become self-hypnotized; we are positively septic with diseased optimism. Naturally, when the crook comes along and leads the cheering with his cry of furious speculation, we are all too ready to listen. When he characterizes ordinary caution and decent judgment as fear, we fall into line and buy his fakes.

So with Jones. In a few months he worked a list of several thousand child-minded Americans up to a pitch of credence which led them to pour their good money into his promotion house for shares in his utterly bogus corporation. When my collaborator drew the attention of the federal authorities to the activities of this gentleman an investigation quickly revealed the absolute worthlessness of the whole proposition and action was taken which prevented further gouging of the public, but a good many thousands of dollars had already been lost.

This is only one of a large number of such confidence enterprises. There are scores of them still operating in full blast and others will undoubtedly spring up in various localities from time to time. The man who is tempted to invest his savings in radio stocks will do well to remember several important

facts: first, that there are no valuable patents in radio lying around loose to be capitalized; second, that there are, in fact, no basic patents possible in such an invention as the radio and that anything but a basic patent is of most doubtful value for the purposes of a promotion enterprise; third, that stocks which offer very large returns are always dangerous and pretty generally fraudulent. If any of my readers feel that they can afford to gamble in radio stocks like a man betting on a hundred to one shot at the track, it may be well for them to note that they are in the position of the gambler betting his money on the wrong end of a fixed race.

Another of the new tricks of con is called the chain store game. I need not call anyone's attention to the manner in which groups of shops have spread over the country, dealing in staple groceries, meats, notions, dry-goods, furnishings and the like. The ten-cent stores and the tea and coffee shops are conspicuous examples. The business fact behind the success of such enterprises is the principle of wholesale cash purchasing. But only an organization which has the most capable management in its purchasing and its selling branches can hope to make a go of these enterprises and there have been numerous failures of chain store companies and many outright frauds or stock jobberies.

Within the last two or three years these latter have become so notorious that the average sucker has been fighting shy of them. As a result the con men working in the chain store field were forced to adapt their scheme and set out after a new class of victims. They did a bit of logical reasoning and came to the con-

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elusion that the keepers of retail stores themselves were the class to be victimized by the new con device.

The rogues, who know the psychology of business men all too well, realized that nothing could be more alarming to the average independent merchant in the small towns and cities of the country than the prospect of competition from a chain store. Just as the mail-order house has been the black beast of the rural general store-keeper for the last twenty years, so the chain store, with its cut rates and its advertising campaigns, throws terror into the heart of the suburban grocer, hardware and notions dealer and all his brethren. It is the spectre that haunts the dreams of this tradesman class. On this fact the new chain stores game was founded.

Less than a year ago an old friend of mine who had got tired of the slow way in which the stock of his chain stores company was moving, threw his old company into the hands of his stockholders, gobbled up what cash there was in sight and hied him down into the hospitable state of Delaware, where he quickly organized a ten million-dollar company, called the International Chain Stores Corporation or something of the sort. In his charter application he set forth that his company intended to operate a general packing and grocery business, to act as manufacturer, packer and producer of standard food products, to deal in such merchandise at wholesale and to open and operate a series of retail stores in all parts of the country for the distribution of said goods.

The charter having been duly issued, Mr. Tarleton Spriggs, my adventurous friend, elected a dummy president and board of directors, put some convenient

tools into the other offices of his corporation and opened a headquarters in New York, which was equipped with much valiant and carefully written literature.

Next Mr. Spriggs dropped down into one of the most prosperous of the Southern states, which he had selected because of its large number of village and cross-roads grocery stores. In the principal city he bought a year's option of a large warehouse and had made out an imposing looking document setting forth the terms of the option and the big price at which the storehouse was to be bought. Of this he had a number of certified copies made, all emblazoned with colored seals and attested with flowing signatures.

As the next step of the operation Spriggs filled out a sheaf of bills-of-lading, which he also supplied with copious false signatures and counterfeit receipt stamps of the railroad companies. These fraudulent bills showed that the International had loaded and was shipping to the distributing point of this Southern state a huge consignment of grocery staples.

The work of preparation was not yet done, however. Spriggs must have a line of samples and a complete list of wholesale prices, setting forth the character of the goods his corporation was handling and the prices at which they could be sold to the retailer. After adding to his ammunition a few letters from prominent persons, also forged, the adventurer was ready to take the field. He took a train for the South, bought himself a new motor car and set out to canvass the state.

On a delirious spring morning Mr. Tarleton Spriggs drove into the ambitious little town of Leesboro, put

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up his suit and sample cases at the provincial hotel and drove carelessly about town, sizing up the situation and making careful inquiries. Toward the end of the afternoon he had armed himself with the necessary information and dropped in on Samuel Parks, the chief grocer of the town and a man of prestige and standing in the community. Mr. Parks was humbly occupied in culling over a sack of potatoes when Spriggs arrived and shook him out of his calm.

"Mr. Parks," said the debonair rascal, extending his hand, "I represent the International Chain Stores. I've come to open one of our shops in your town."

If a giant centipede had squirmed its way from among the grocer's potatoes the sensation along his spine would have been more pleasant, for Sam Parks had been hearing about these devastating chain stores and this throttling trust for some time. He knew that chain stores were an abomination and a plague upon honest (and overprosperous) storekeepers. He understood their true character as combinations in restraint of trade (or large profits, perhaps). He was sure that any such competition spelled ruin for him. Nevertheless, he managed to greet his visitor with a show of mannerliness and a dusty handshake.

"Glad to meet you, Mr. Spriggs," he lied feebly.

Mr. Spriggs set out at once to unfold his tale of triumph. His company had already leased a big warehouse in the capital city and a huge consignment of goods was already on its way south. Here Spriggs exhibited the option and the bills of lading, which his victim brushed away with a sad glance.

Within a few weeks, said Spriggs, there would be

units of his chain store system all over the state. They would be crowding the local merchants out because it was impossible for individual storekeepers to compete. This was due mainly to the grasping nature of the jobbers, who were really operating as a combination for the purpose of keeping prices high. Did not Mr. Parks realize this himself? Had he ever tried to buy a case of prunes from one jobber for even a cent less than demanded by the others? If so he knew that there was a fixed price agreement among wholesalers and that the merchant was helpless. To all this Parks had sadly to assent, wondering the while why the man who intended to ruin his business should come to him and grow thus confidential. Spriggs was about to enlighten him.

"Mr. Parks, I've got some information that may be of advantage to you in this connection," he said. "I wonder if you can spare a half-hour to talk things over."

The two men hid themselves in a rear corner of the store, out of sight of the occasional customers, planted themselves on two fruit cases and got confidential, Spriggs doing the explaining. He opened his sample case and showed Mr. Parks a line of goods that made anything in the store look a little shoddy. When the grocer said that such things were all very well but that Leesboro people would never pay their price, Spriggs came forth with his long and detailed price list. The eyes of the local grocer bulged. Here with first-grade canned goods, bottled goods, preserves, fruits, spices and all manner of grocers' articles priced at a good deal less than he was paying for second-grade stuff. Spriggs explained glibly that this dis-

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parity in prices was due in part to collective buying in great quantities, partly to the fact that the International Chain Stores did their own packing and partly to the greed of the regular jobbers.

"Now Mr. Parks," he said when this information had fully gathered in the grocer's mind, "it must be obvious to you that no local grocer can compete with us when we can sell A-1 goods cheaper than he can put out inferior stuff. That's the secret of our success. Now we mean to come into Leesboro at once and it's up to you whether you want to be with us or against us."

"How do you mean, with you?" asked the disheartened storekeeper.

"Your store can be our chain store in this town if you want it that way," said Spriggs.

"You mean——?"

"I mean that we're not out to close you up and ruin you by unfair competition. If we can get the leading grocer of any town to come in with us and convert his store into a unit of our chain, we much prefer to do it that way. You retain full ownership of your store. All the change you need to make is in the signs and in the line of goods you carry. You can see why we prefer to do business in this way. We step into an established clientele with a successful local man, who knows the people and the conditions, to run the business. We don't have to play freeze-out. We don't have to slash prices. How does it listen?"

Sam Parks had to do a little thinking before he could answer so astounding and happy a question. As a matter of fact he was deluged with pleasure and

relief, but he was a cautious man. He asked bluntly enough:

"Well, what's the catch? What string's tied to this?"

I wouldn't say any string's tied to it at all," responded Spriggs a little combatively. "In fact I haven't yet unfolded to you the full plan or the extent of your opportunity. Supposing I told you that by coming in with us you not only became our chain store and do away with competition but that you will share in our jobber profits and the profits of our packing industry, eh? How'd that hit you?"

When Mr. Parks wanted more light, Spriggs went on to explain. The International Chain Stores was a ten million-dollar corporation organized on the co-operative plan. Its plan was to engage in the three phases of the grocery business, producing or packing, distributing or jobbing and retailing. Its stockholders must be the member grocers, who owned the various retailing units, otherwise the all desired plan of co-operation could not be carried through. Every owner of one of the chain stores must also be a stockholder in the parent enterprise in order that the interest of one might be the interest of all.

Sam Parks turned a fishy eye on Mr. Spriggs and asked in tones of ice:

"You're not trying to sell me any stock are you, stranger?"

He said it with the air of a man who had been stung before and meant to resent the insult of being approached again with any stock proposition.

"No, I shouldn't say I was trying to sell you stock," said Spriggs with a definite air of truculence.

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"I'm trying to let you in on the biggest chance of your life. I'm trying to save you from competition that will ruin you in sixty days and I'm trying to get you to stop me from going down the street into the next block and turning Fred Schultz's grocery into our chain store for Leesboro. But it's just as you say. If you don't want any of our game let's part friends."

The unregenerate Spriggs rose with a pose of romantic anger and strode resolutely out of the store and down the street in the direction of Schultz's grocery, where he went in and began trying to interest the proprietor in a bill of goods he did not have to sell.

Parks, to be sure, had followed his visitor into the street at a dignified distance and watched his progress down the way, his disappearance into the Schultz grocery and his lengthy visit there. Evidently there was no bluff about this man Spriggs.

It was a trying situation. Parks was a fire-touched child when it came to buying stocks. The very mention of these explosive bits of paper gave him the creeps. He had registered a solemn and Shylockian vow in Heaven to be tempted nevermore. Yet here was a situation that demanded reconsideration. Was he to allow the hated Schultz to become the head of a local chain store and seize the opportunity to underbuy and undersell him? Could he afford to let that despised German, who had been forced to play second fiddle for years in the grocery line, get the bulge on him and perhaps drive him out of business? The horns of this dilemma tormented Sam Parks the rest of the afternoon, with the result that he went over

to the hotel after supper and asked for Spriggs, who happened to be waiting for just this visit.

The grocer began by explaining that he had sworn upon his mother's grave never to buy stock again. However, he was willing to listen to Spriggs' proposition and regretted having been rude.

Spriggs was apologetic in turn. He hadn't meant to walk out on another gentleman in so brusque a manner but the idea of referring to the International's wonderful proposition as a stock scheme had been too much for his sensitive feelings. A little explanation would, no doubt, clear matters up. The International was forced to ask its members to help in the placing of the stock for the very reason that it did not want its shares jobbed about and got into the hands of strangers. But it was not at all necessary for the grocer to buy all the stock. In fact, what the International did was to allot a certain block of shares to each town, depending on its size and the volume of business expected. Now the allotment for Leesboro was ten thousand dollars. Of course, Mr. Parks was not expected to invest ten thousand. That was, indeed, far from the plan. What the idea really was would give Parks a thrill.

After the grocer had been comfortably seated in a corner of the lobby and supplied with a large cigar, Spriggs went on to declaim.

What would Parks say to a plan which would wed his chief customers and all the principal people of the town to him and his store, so that they would perforce buy all they could of him and no one else, so that they would be obliged to bring him fresh business in their own interest? Could it be done? It

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was like rolling off a log. Parks was locally well placed, wasn't he? He was on intimate terms with the representative people, eh? Well, would it be any trouble for him to place eight or ten thousand dollars' worth of stock among his friends and customers? And if he did this wouldn't all these people buy from him in order to swell the dividends of the International's stock? Wouldn't it be to their own interest to buy all they could of him and bring him other trade?

Mr. Parks, who had taken fire from Spriggs' enthusiasm, confessed that all this was true. The light of a great idea had dawned upon him. He saw where the bread was buttered. By heck! It was a noble scheme!

Within two weeks Sam Parks had gone about among his Leesboro friends and sold the stock. Fifteen hundred dollars' worth he kept for himself and eighty-five hundred went to customers and local investors. Late one Friday afternoon some beautifully engraved stock certificates arrived from New York, all duly made out to the local subscribers and on the following morning a certified check for ten thousand honest dollars went back in the mails.

The same night Mr. Tarleton Spriggs motored off to the next county, where he repeated his prodigy upon and against the person of the leading grocer of the chief town. In the course of the spring and summer he and his underlings cleaned up sums ranging from five to fifteen thousand dollars in more than eighty towns and cities.

All of these places and their leading grocers are

still waiting for the International Chain Stores Corporation to get into action. And they will still be waiting on the trumpet morning of Gabriel unless their patience fails them meantime.

THE END

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